

CITY OF PIERRE, SOUTH DAKOTA

Independent Auditor's Reports,
Financial Statements, and
Supplementary Information

December 31, 2020

City of Pierre, South Dakota
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December 31, 2020

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Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

City Commission
City of Pierre, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pierre, South Dakota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Pierre, South Dakota's basic financial statements and have issued our report thereon dated September 28, 2021. Our report includes a reference to other auditors who audited the financial statements of the Housing and Redevelopment Commission of the City of Pierre (the discretely presented component unit), as described in our report on the City of Pierre, South Dakota's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pierre, South Dakota's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pierre, South Dakota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pierre, South Dakota's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pierre, South Dakota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002.

City of Pierre, South Dakota's Response to Findings

The City of Pierre, South Dakota's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Pierre, South Dakota's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Pierre, South Dakota's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pierre, South Dakota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Casey Peterson, LTD

Rapid City, South Dakota
September 28, 2021

Independent Auditor's Report on Compliance for
Each Major Program and Report on Internal Control
over Compliance Required by the Uniform Guidance

City Commission
City of Pierre, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Pierre, South Dakota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Pierre, South Dakota's major federal program for the year ended December 31, 2020. The City of Pierre, South Dakota's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of the Housing and Redevelopment Commission of the City of Pierre (discretely presented component unit), which received \$1,010,160 in federal awards which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of the Housing and Redevelopment Commission of the City of Pierre because the component unit has a separately issued audit in accordance with the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance).

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Pierre, South Dakota's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Pierre, South Dakota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Pierre, South Dakota's compliance.

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Opinion on the Major Federal Program

In our opinion, the City of Pierre, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The City of Pierre, South Dakota's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Pierre, South Dakota's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Pierre, South Dakota is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Pierre, South Dakota's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pierre, South Dakota's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002, which we consider to be a material weakness.

The City of Pierre, South Dakota's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Pierre, South Dakota's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Casey Peterson, LTD.

Casey Peterson, LTD

Rapid City, South Dakota

September 28, 2021

City of Pierre, South Dakota
Schedule of Findings and Questioned Costs
December 31, 2020

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- a. The Independent Auditor's Report expressed unmodified opinions on the financial statements of the City of Pierre, South Dakota.
- b. One material weakness is disclosed during the audit of financial statements and is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. One instance of noncompliance material to the financial statements of the City of Pierre, South Dakota which is required to be reported in accordance with *Governmental Auditing Standards* was noted during the audit.
- d. One material weakness in internal control over major federal award programs disclosed during the audit is reported on the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by Uniform Guidance.
- e. The Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by Uniform Guidance expressed an unmodified opinion on the major federal programs.
- f. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
- g. The federal awards tested as a major program were:
 - Coronavirus Relief Fund CARES, CFDA #21.019
 - Airport Improvement Grant, CFDA #20.106
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. City of Pierre, South Dakota did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

Material Weakness

Internal Control over Financial Reporting

2020-001 *Condition:* During the course of the audit, material audit adjustments to the City's recorded account balances and the Schedule of Expenditures of Federal Awards were proposed which, if not recorded, would have resulted in a material misstatement of the City's financial statements and Schedule of Expenditures of Federal Awards.

Criteria: A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with GAAP. The City should have an internal control system designed for drafting the Schedule of Expenditures of Federal Awards. The Uniform Guidance requires the auditee to prepare an appropriate Schedule of Expenditures of Federal Awards in accordance with Section 200.510.

Cause: The City does not have an adequate system of internal controls to identify all relevant and material adjustments necessary to ensure that financial statements are in accordance with GAAP and that the Schedule of Expenditures of Federal Awards is in accordance with Uniform Guidance.

City of Pierre, South Dakota
Schedule of Findings and Questioned Costs (Continued)
December 31, 2020

Effect: The lack of internal control increases the risk of interim, annual financial statements, and the Schedule of Expenditures of Federal Awards being presented with material misstatements.

Repeat Finding: This issue was reported as finding 2019-001 in the prior year.

Auditor's Recommendation: We recommend a more thorough review and reconciliation process be put into place for year-end balances and the Schedule of Expenditures of Federal Awards to ensure proper accounting principles have been followed.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

FINDINGS AND QUESTION COSTS - MAJOR FEDERAL PROGRAM AUDIT

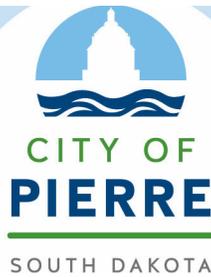
U.S. Treasury: Coronavirus Relief Fund CARES - Pandemic Response, CFDA #20.019

Material Weakness

Internal Control over Compliance

Noncompliance

2020-002 See finding 2020-001 for a description of the condition, criteria, cause, effect, repeat finding, auditor's recommendation, and view of management.



PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENTS AUDIT

Material Weakness

Internal Control over Financial Reporting

2019-001 *Condition:* During the course of the audit, material audit adjustments to the City's recorded account balances and the Schedule of Expenditures of Federal Awards were proposed which, if not recorded, would have resulted in a material misstatement of the City's financial statements and Schedule of Expenditures of Federal Awards.

Criteria: A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with GAAP. The City should have an internal control system designed for drafting the Schedule of Expenditures of Federal Awards. The Uniform Guidance requires the auditee to prepare an appropriate Schedule of Expenditures of Federal Awards in accordance with Section 200.510

Auditor's Recommendation: We recommend a more thorough review and reconciliation process be put into place for year-end balances and the Schedule of Expenditures of Federal Awards to ensure proper accounting principles have been followed.

Repeat Finding: This finding was reported as finding 2018-001 in the audit for the year ended December 31, 2018 and as finding 2019-001 for the year ended December 31, 2019.

Current Status: This finding is reported as 2020-001 in the current year.

FINDINGS AND QUESTION COSTS - MAJOR FEDERAL PROGRAM AUDIT

U.S. Department of Homeland Security: Hazard Mitigation Grant, CFDA 97.039

U.S. Department of Housing & Urban Development: Community Development Block Grants CFDA #14.228

Material Weakness

Internal Control over Compliance

Noncompliance

2019-002 See finding 2019-001 for a description of condition, criteria, auditor's recommendation, and current status.



CORRECTIVE ACTION PLAN (UNAUDITED)

City of Pierre, South Dakota respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:

Casey Peterson, LTD
909 Saint Joseph Street, Ste 101
Rapid City, SD 57701

FINDINGS - FINANCIAL STATEMENTS AUDIT

Material Weakness

Internal Control over Financial Reporting

2020-001 *Condition:* During the course of the audit, material audit adjustments to the City's recorded account balances and the Schedule of Expenditures of Federal Awards were proposed which, if not recorded, would have resulted in a material misstatement of the City's financial statements and Schedule of Expenditures of Federal Awards.

Criteria: A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with GAAP. The City should also have an internal control system designed for drafting the Schedule of Expenditures of Federal Awards. Uniform Guidance requires the auditee to prepare an appropriate Schedule of Expenditures of Federal Awards in accordance with Section 200.510.

Auditor's Recommendation: We recommend a more thorough review and reconciliation process be put into place for year-end balances and the Schedule of Expenditures of Federal Awards to ensure proper accounting principles have been followed.

Management's Response: The City Finance Office was restructured in 2019, allowing delegation of key accounting functions that provide thorough preparation and review of year-end balances, adjustments, reconciliations, and preparation of the Schedule of Expenditures of Federal Awards. The City Finance Officer is responsible for the implementation and maintenance of these functions. The review process was modified in June 2021.

FINDINGS AND QUESTION COSTS - MAJOR FEDERAL PROGRAM AUDIT

U.S. Treasury: Coronavirus Relief Fund CARES – Pandemic Response CFDA #20.019

Material Weakness

Internal Control over Compliance

Noncompliance

2020-002 See Finding 2020-001 for a description of the condition, criteria, auditor's recommendation, and view of management's response.

If there are any questions regarding this plan, please contact Twila Hight, Finance Officer, at (605) 773-7407.

Twila Hight, Finance Officer
City of Pierre, South Dakota

Independent Auditor's Report

City Commission
City of Pierre, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pierre, South Dakota, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Housing and Redevelopment Commission of The City of Pierre, South Dakota, a discretely presented component unit, which reflect total assets and deferred outflows of \$1,018,433 as of June 30, 2020, net position of \$929,323 and total revenues of \$1,230,198 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Commission, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pierre, South Dakota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension Contributions, and notes to the Required Supplementary Information on pages 80 - 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pierre, South Dakota's basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Passenger Facility Charges are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Passenger Facility Charges, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Passenger Facility Charges, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Corrective Action Plan has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of the City of Pierre, South Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Pierre, South Dakota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pierre, South Dakota's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Casey Peterson, LTD." The signature is written in a cursive, flowing style.

Casey Peterson, LTD

Rapid City, South Dakota
September 28, 2021

BASIC FINANCIAL STATEMENTS

City of Pierre, South Dakota
Statement of Net Position
December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission
ASSETS				
Cash and Cash Equivalents	\$ 18,771,895	\$ 7,336,489	\$ 26,108,384	\$ 537,788
Certificates of Deposit	1,655,765	-	1,655,765	-
Receivables	3,945,927	12,882,010	16,827,937	10,445
Internal Balances	(510,253)	510,253	-	-
Inventories	333,899	1,686,376	2,020,275	459
Other Assets	-	-	-	23,308
Restricted Assets:				
Cash and Cash Equivalents	54,464	6,700,145	6,754,609	-
Public Assurance Deposits	660,833	-	660,833	-
Net Pension Asset	12,906	5,160	18,066	668
Capital Assets				
Land and Construction in Progress	15,678,411	13,135,160	28,813,571	80,645
Other Capital Assets, Net of Depreciation	54,409,626	93,458,571	147,868,197	331,145
TOTAL ASSETS	95,013,473	135,714,164	230,727,637	984,458
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related Deferred Outflows	1,896,120	769,854	2,665,974	33,975
OPEB-related Deferred Outflows	174,576	75,047	249,623	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,070,696	844,901	2,915,597	33,975
LIABILITIES				
Accounts Payable	477,203	3,293,411	3,770,614	21,257
Other Current Liabilities	717,323	703,173	1,420,496	11,626
Unearned Revenue	116,641	28,547	145,188	36,063
Noncurrent Liabilities:				
Landfill Closure and Post-closure Costs	-	613,853	613,853	-
Due Within One Year	1,394,495	912,795	2,307,290	4,058
Due in More than One Year	19,521,134	28,870,657	48,391,791	2,505
TOTAL LIABILITIES	22,226,796	34,422,436	56,649,232	75,509

The accompanying notes are an integral part of this statement.

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		Housing and Redevelopment Commission
DEFERRED INFLOWS OF RESOURCES				
Pension-related Deferred Inflows	1,701,619	659,481	2,361,100	13,601
OPEB-related Deferred Inflows	73,375	32,438	105,813	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,774,994</u>	<u>691,919</u>	<u>2,466,913</u>	<u>13,601</u>
NET POSITION				
Net Investment in Capital Assets	61,042,024	66,039,745	127,081,769	411,790
Restricted for:				
SDRS Pension Purposes	207,407	115,533	322,940	21,042
Cemetery	54,464	-	54,464	-
Other Purposes:				
Housing Assistance Purposes	-	-	-	-
Public Assurance Alliance	660,833	-	660,833	-
Special Sales Tax	630,899	-	630,899	-
Storm Drainage	867,806	-	867,806	-
Library	56,130	-	56,130	-
Surface Transportation Program	5,837,359	-	5,837,359	-
911 Purposes	719,044	-	719,044	-
Airshow Purposes	10,000	-	10,000	-
Pool Construction	10,249,645	-	10,249,645	-
Tri-Centennial	396	-	396	-
Unrestricted	<u>(7,253,628)</u>	<u>35,289,432</u>	<u>28,035,804</u>	<u>496,491</u>
TOTAL NET POSITION	<u>\$ 73,082,379</u>	<u>\$ 101,444,710</u>	<u>\$ 174,527,089</u>	<u>\$ 929,323</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Charges for Services	Capital Grants, Loans, and Contributions	Operating Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ 4,707,999	\$ 2,756,195	\$ 166,993	\$ 2,359,086
Public Safety	4,374,896	267,077	-	1,183,107
Public Works	4,058,838	990,907	523,366	432
Health and Welfare	184,341	14,153	-	12,847
Culture and Recreation	3,744,567	600,068	500,664	280,681
Conservation and Development	1,365,649	-	-	253,770
Interest on Long-term Debt*	244,242	-	-	-
Total Governmental Activities	<u>18,680,532</u>	<u>4,628,400</u>	<u>1,191,023</u>	<u>4,089,923</u>
Business-type Activities:				
Water	2,329,999	4,155,236	108,479	9,388
Electric	11,764,262	15,663,770	10,101	-
Waste Water	2,450,105	3,626,057	5,387	24,674
Airport	2,140,725	101,859	4,728,264	-
Garbage	135,757	87,519	430	-
Landfill	1,782,109	1,523,179	7,358	-
Total Business-type Activities	<u>20,602,957</u>	<u>25,157,620</u>	<u>4,860,019</u>	<u>34,062</u>
Total Primary Government	<u>\$ 39,283,489</u>	<u>\$ 29,786,020</u>	<u>\$ 6,051,042</u>	<u>\$ 4,123,985</u>
COMPONENT UNIT				
Housing and Redevelopment Commission	<u>\$ 1,279,314</u>	<u>\$ 186,764</u>	<u>\$ 39,209</u>	<u>\$ 987,791</u>

*The City does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

GENERAL REVENUES

Taxes:

Property Taxes

Sales Taxes

State Shared Revenues

County Shared Revenue

Unrestricted Investment Earnings

Other General Revenues

Transfers

Gain (Loss) on Disposal of Fixed Assets

Total General Revenues

CHANGE IN NET POSITION

NET POSITION - BEGINNING

Restatement - Adoption of GASB 84

NET POSITION - BEGINNING, RESTATED

NET POSITION - ENDING

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Component Unit Housing and Redevelopment Commission
\$ 574,275	\$ -	\$ 574,275	\$ -
(2,924,712)	-	(2,924,712)	-
(2,544,133)	-	(2,544,133)	-
(157,341)	-	(157,341)	-
(2,363,154)	-	(2,363,154)	-
(1,111,879)	-	(1,111,879)	-
(244,242)	-	(244,242)	-
<u>(8,771,186)</u>	<u>-</u>	<u>(8,771,186)</u>	<u>-</u>
-	1,943,104	1,943,104	-
-	3,909,609	3,909,609	-
-	1,206,013	1,206,013	-
-	2,689,398	2,689,398	-
-	(47,808)	(47,808)	-
-	(251,572)	(251,572)	-
<u>-</u>	<u>9,448,744</u>	<u>9,448,744</u>	<u>-</u>
<u>(8,771,186)</u>	<u>9,448,744</u>	<u>677,558</u>	<u>-</u>
			<u>(65,550)</u>
3,585,124	-	3,585,124	-
9,817,906	-	9,817,906	-
919,258	-	919,258	-
10,792	-	10,792	-
56,320	58,904	115,224	13,402
307,626	311,302	618,928	3,032
336,121	(336,121)	-	-
(121,007)	47,403	(73,604)	-
<u>14,912,140</u>	<u>81,488</u>	<u>14,993,628</u>	<u>16,434</u>
<u>6,140,954</u>	<u>9,530,232</u>	<u>15,671,186</u>	<u>(49,116)</u>
66,913,611	91,914,478	158,828,089	978,439
27,814	-	27,814	-
<u>66,941,425</u>	<u>91,914,478</u>	<u>158,855,903</u>	<u>978,439</u>
<u>\$ 73,082,379</u>	<u>\$ 101,444,710</u>	<u>\$ 174,527,089</u>	<u>\$ 929,323</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Balance Sheet - Governmental Funds
December 31, 2020

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Special Sales Tax Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 14,442,555	\$ 112,885	\$ 553,069
Certificate of Deposits	1,655,765	-	-
Tax Receivable, Delinquent	88,340	56,254	-
Accounts Receivable, Net	148,495	356	-
Unbilled Accounts Receivable	-	-	-
Due From Other Governments	1,739,451	910,634	77,833
Inventory of Supplies	198,839	-	-
Deposits	660,833	-	-
Restricted Cash and Cash Equivalents	-	-	-
TOTAL ASSETS	<u>\$ 18,934,278</u>	<u>\$ 1,080,129</u>	<u>\$ 630,902</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 285,942	\$ 10,734	\$ -
Payroll Liabilities	24,924	-	-
Due to Other Funds	-	-	-
Revenue Collected in Advance	115,785	-	-
Total Liabilities	<u>426,651</u>	<u>10,734</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable Revenues	<u>631,484</u>	<u>70,103</u>	<u>2,763</u>
Fund Balances:			
Nonspendable	859,672	-	-
Restricted	15,418,698	-	628,139
Committed	19,650	999,292	-
Assigned	1,577,909	-	-
Total Fund Balances	<u>17,876,143</u>	<u>999,292</u>	<u>628,139</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 18,934,278</u>	<u>\$ 1,080,129</u>	<u>\$ 630,902</u>

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 1,866,654	\$ 16,975,163
-	1,655,765
-	144,594
86,192	235,043
56,506	56,506
281,209	3,009,127
135,060	333,899
-	660,833
<u>54,464</u>	<u>54,464</u>
<u>\$ 2,480,085</u>	<u>\$ 23,125,394</u>

\$ 179,569	\$ 476,245
2,874	27,798
5,553	5,553
<u>856</u>	<u>116,641</u>
<u>188,852</u>	<u>626,237</u>

<u>228,326</u>	<u>932,676</u>
----------------	----------------

185,060	1,044,732
1,284,058	17,330,895
593,789	1,612,731
<u>-</u>	<u>1,577,909</u>
<u>2,062,907</u>	<u>21,566,481</u>

<u>\$ 2,480,085</u>	<u>\$ 23,125,394</u>
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The accompanying notes are an integral part of this statement.

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City of Pierre, South Dakota
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the Year Ended December 31, 2020

Total Fund Balances - Governmental Funds	\$ 21,566,481
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	12,906
Pension and OPEB-related deferred outflows are not available financial resources and, therefore, are not reported in the funds.	2,070,696
Pension and OPEB-related deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(1,774,994)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	70,088,037
Long-term liabilities, including bonds payable, capital leases payable, accrued leave payable, and accrued other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(20,915,629)
Receipts collected after year-end, but not available soon enough to pay for current period expenditures, are deferred in the funds.	932,676
Payables for interest are recognized as liabilities in the government-wide financial statements, but are recognized when paid in the governmental funds.	(23,129)
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	<u>1,125,335</u>
Net Position - Governmental Funds	<u>\$ 73,082,379</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Capital Improvement Fund	Special Tax Fund
REVENUES			
Taxes:			
General Property Taxes	\$ 3,268,551	\$ -	\$ -
General Sales and Use Taxes	4,585,797	4,585,796	524,578
Penalties and Interest on Delinquent Taxes	11,552	-	-
Licenses and Permits	384,158	-	-
Intergovernmental Revenue:			
Federal Grants	1,838,381	260,000	-
State Grants	632,075	-	-
State Shared Revenues:			
Bank Franchise	160,853	-	-
Liquor Tax Reversion	70,473	-	-
Motor Vehicle Licenses (5%)	111,163	-	-
Local Government Highway and Bridge Fund	397,522	-	-
911 Telephone Surcharge	-	-	-
County Shared Revenues:			
County Road Tax (25%)	6,004	-	-
Other	4,788	-	-
Charges for Goods and Services:			
General Government	2,204,151	-	-
Public Safety	26,851	-	-
Highways and Streets	-	458,256	-
Health	14,153	-	-
Culture and Recreation	598,395	-	-
Cemetery	46,875	-	-
Fines and Forfeits:			
Court Fines and Costs	2,702	-	-
Library	-	-	-
Parking Meter Fines	3,205	-	-
Miscellaneous Revenues:			
Investment Earnings	45,331	3,876	1,599
Rentals	125,715	-	-
Special Assessments	4,664	7,780	-
Contributions from Private Sources	142,895	270,000	-
Other	299,743	-	-
TOTAL REVENUES	14,985,997	5,585,708	526,177

The accompanying notes are an integral part of this statement.

	<u>Other Governmental Funds</u>		<u>Total Governmental Funds</u>
\$	300,059	\$	3,568,610
	189,009		9,885,180
	-		11,552
	-		384,158
	980,324		3,078,705
	257,402		889,477
	-		160,853
	-		70,473
	-		111,163
	-		397,522
	217,980		217,980
	-		6,004
	-		4,788
	167,886		2,372,037
	234,319		261,170
	485,892		944,148
	-		14,153
	1,364		599,759
	-		46,875
	-		2,702
	309		309
	-		3,205
	5,514		56,320
	-		125,715
	-		12,444
	3,892		416,787
	<u>12,150</u>		<u>311,893</u>
	<u>2,856,100</u>		<u>23,953,982</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds (Continued)
For the Year Ended December 31, 2020

	General Fund	Capital Improvement Fund	Special Tax Fund
EXPENDITURES			
General Government:			
Legislative	\$ 114,763	\$ -	\$ -
Elections	17	-	-
Financial Administration	2,451,448	-	-
Other	1,632,466	-	-
Public Safety:			
Police	2,566,165	-	-
Fire	339,583	-	-
Public Works:			
Highways and Streets	1,616,566	167,248	-
Cemeteries	206,844	-	-
Transit	150,000	-	-
Health and Welfare:			
Health	28,452	-	-
Ambulance	-	66,000	-
Other	55,144	-	-
Culture and Recreation:			
Recreation	459,595	12,600	-
Parks	1,320,312	62,889	-
Libraries	759,248	-	-
Conservation and Development:			
Economic Development	969,680	-	98,777
Debt Service	-	456,193	381,085
Capital Outlay	1,953,109	3,824,286	-
TOTAL EXPENDITURES	<u>14,623,392</u>	<u>4,589,216</u>	<u>479,862</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>362,605</u>	<u>996,492</u>	<u>46,315</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	1,879,950	(1,465,937)	(18,726)
Sale of Municipal Property	78,207	-	-
Bond Proceeds	10,000,000	-	-
Total Other Financing Sources (Uses)	<u>11,958,157</u>	<u>(1,465,937)</u>	<u>(18,726)</u>
NET CHANGE IN FUND BALANCES	<u>12,320,762</u>	<u>(469,445)</u>	<u>27,589</u>
FUND BALANCE - BEGINNING	5,553,493	1,468,737	600,550
Restatement - Adoption of GASB 84	1,888	-	-
FUND BALANCE - BEGINNING, RESTATED	<u>5,555,381</u>	<u>1,468,737</u>	<u>600,550</u>
FUND BALANCE - ENDING	<u>\$ 17,876,143</u>	<u>\$ 999,292</u>	<u>\$ 628,139</u>

The accompanying notes are an integral part of this statement.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 114,763
-	17
-	2,451,448
134,024	1,766,490
1,084,181	3,650,346
-	339,583
196,090	1,979,904
-	206,844
-	150,000
-	28,452
-	66,000
-	55,144
-	472,195
-	1,383,201
9,082	768,330
297,192	1,365,649
216,661	1,053,939
<u>232,944</u>	<u>6,010,339</u>
<u>2,170,174</u>	<u>21,862,644</u>
<u>685,926</u>	<u>2,091,338</u>
(59,166)	336,121
-	78,207
-	<u>10,000,000</u>
<u>(59,166)</u>	<u>10,414,328</u>
<u>626,760</u>	<u>12,505,666</u>
1,423,814	9,046,594
<u>12,333</u>	<u>14,221</u>
<u>1,436,147</u>	<u>9,060,815</u>
<u>\$ 2,062,907</u>	<u>\$ 21,566,481</u>

The accompanying notes are an integral part of this statement.

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City of Pierre, South Dakota
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-wide Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 12,505,666
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,832,395
The issuance of long-term debt is reported as an other financing source in the governmental funds, but is reported as a liability in the government-wide statements.	(10,000,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	809,697
In the Statement of Activities, gains and losses on disposal of capital assets are reported, whereas in the fund financial statements, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	(199,214)
Changes in pension-related deferred outflows/inflows are direct components of the pension asset and are not reflected in the governmental funds.	(632,670)
Changes in OPEB-related deferred outflows/inflows are direct components of the OPEB liability and are not reflected in the governmental funds.	(38,310)
Sales tax revenues, special assessments, grants, and other revenue are reported in the period to be financed by the property tax levy, special assessments, and grants for both the governmental funds and the governmental activities, but in the fund statement, any amounts that are not "available" are offset with deferred inflows.	651,442
Governmental funds do not reflect the change in accrued leave, but the Statement of Activities reflects the change in this liability through expenditures.	(70,828)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net income of the internal service funds is reported with governmental activities.	<u>282,776</u>
Change in Net Position of Governmental Activities	<u>\$ 6,140,954</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position - Proprietary Funds
December 31, 2020

	Water Fund	Electric Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 920,242	\$ 3,806,862
Accounts Receivable, Net	7,166,611	206,906
Unbilled Accounts Receivable	361,505	1,615,217
Due from Other Funds	-	-
Due from Other Governments	8,198	10,091
Inventory of Supplies	268,346	1,275,947
Total Current Assets	8,724,902	6,915,023
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	-	5,486,001
Net Pension Asset	960	1,481
Capital Assets:		
Land	399,662	31,675
Buildings and Infrastructure	15,162,968	1,605,064
Improvements	-	39,115,004
Machinery and Equipment	3,272,646	2,468,293
Construction in Progress	7,270,046	36,270
Less: Accumulated Depreciation	(7,839,929)	(8,634,266)
Total Noncurrent Assets	18,266,353	40,109,522
TOTAL ASSETS	26,991,255	47,024,545
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related Deferred Outflows	157,584	236,260
OPEB-related Deferred Outflows	15,474	24,395
TOTAL DEFERRED OUTFLOWS OF RESOURCES	173,058	260,655

The accompanying notes are an integral part of this statement.

Enterprise Funds				
Waste Water Fund	Airport Fund	Other Enterprise Funds	Totals	Internal Service Funds
\$ 2,719,740	\$ 96	\$ 21,483	\$ 7,468,423	\$ 1,796,732
1,075,249	34,493	114,752	8,598,011	500,657
405,605	-	17,136	2,399,463	-
5,553	-	-	5,553	-
4,785	1,857,340	4,122	1,884,536	-
6,666	44,890	90,527	1,686,376	-
<u>4,217,598</u>	<u>1,936,819</u>	<u>248,020</u>	<u>22,042,362</u>	<u>2,297,389</u>
-	-	1,214,144	6,700,145	-
1,154	533	1,032	5,160	-
49,434	235,889	4,041,171	4,757,831	-
29,259,971	46,394,406	3,320,468	95,742,877	-
-	-	-	39,115,004	-
4,494,797	3,822,510	3,224,060	17,282,306	-
1,071,013	-	-	8,377,329	-
<u>(18,483,445)</u>	<u>(20,326,111)</u>	<u>(3,397,865)</u>	<u>(58,681,616)</u>	<u>-</u>
<u>16,392,924</u>	<u>30,127,227</u>	<u>8,403,010</u>	<u>113,299,036</u>	<u>-</u>
<u>20,610,522</u>	<u>32,064,046</u>	<u>8,651,030</u>	<u>135,341,398</u>	<u>2,297,389</u>
159,147	61,653	155,210	769,854	-
10,579	8,919	15,680	75,047	-
<u>169,726</u>	<u>70,572</u>	<u>170,890</u>	<u>844,901</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position - Proprietary Funds (Continued)
December 31, 2020

	Water Fund	Electric Fund
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,953,974	923,579
Incurred But Not Reported Claims	-	-
Accrued Interest Payable	-	30,744
Accrued Wages Payable	2,136	3,811
Customer Deposits	-	656,180
Revenue Collected in Advance	4,961	19,812
Due to Other Funds	-	-
Revenue Bond Payable - Current	-	732,470
Accrued Leave Payable - Current	4,995	10,445
Total Current Liabilities	1,966,066	2,377,041
Noncurrent Liabilities:		
Revenue Bonds Payable	7,139,832	16,514,623
Accrued Leave Payable	61,606	128,827
Accrued Landfill Closure and Post-closure Costs	-	-
Net OPEB Obligation	114,364	198,192
Total Noncurrent Liabilities	7,315,802	16,841,642
TOTAL LIABILITIES	9,281,868	19,218,683
DEFERRED INFLOWS OF RESOURCES		
Pension-related Deferred Inflows	132,449	217,457
OPEB-related Deferred Inflows	7,046	10,032
TOTAL DEFERRED INFLOWS OF RESOURCES	139,495	227,489
NET POSITION		
Net Investment in Capital Assets	11,125,558	17,382,447
Restricted for:		
SDRS Pension Purposes	26,095	20,284
Unrestricted	6,591,297	10,436,297
TOTAL NET POSITION	\$ 17,742,950	\$ 27,839,028

Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Net Position are different because of the Enterprise Funds' participation in the activities conducted in the internal service fund.

Net Position of Business-type Activities

The accompanying notes are an integral part of this statement.

<u>Waste Water Fund</u>	<u>Airport Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
141,203	246,881	27,774	3,293,411	958
-	-	-	-	660,843
11,051	-	-	41,795	-
1,088	1,017	2,699	10,751	-
-	-	-	656,180	-
3,491	-	283	28,547	-
-	-	131,934	131,934	-
148,870	-	-	881,340	-
<u>2,279</u>	<u>2,020</u>	<u>11,716</u>	<u>31,455</u>	<u>-</u>
<u>307,982</u>	<u>249,918</u>	<u>174,406</u>	<u>5,075,413</u>	<u>661,801</u>
4,244,785	-	-	27,899,240	-
28,106	24,921	144,487	387,947	-
-	-	613,853	613,853	-
<u>77,766</u>	<u>64,387</u>	<u>128,761</u>	<u>583,470</u>	<u>-</u>
<u>4,350,657</u>	<u>89,308</u>	<u>887,101</u>	<u>29,484,510</u>	<u>-</u>
<u>4,658,639</u>	<u>339,226</u>	<u>1,061,507</u>	<u>34,559,923</u>	<u>661,801</u>
101,738	63,391	144,446	659,481	-
<u>4,843</u>	<u>4,153</u>	<u>6,364</u>	<u>32,438</u>	<u>-</u>
<u>106,581</u>	<u>67,544</u>	<u>150,810</u>	<u>691,919</u>	<u>-</u>
-	30,343,906	7,187,834	66,039,745	-
58,563	(1,205)	11,796	115,533	-
<u>15,956,465</u>	<u>1,385,147</u>	<u>409,973</u>	<u>34,779,179</u>	<u>1,635,588</u>
<u>\$ 16,015,028</u>	<u>\$ 31,727,848</u>	<u>\$ 7,609,603</u>	<u>\$ 100,934,457</u>	<u>\$ 1,635,588</u>

510,253

\$ 101,444,710

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Funds
For the Year Ended December 31, 2020

	Water Fund	Electric Fund
OPERATING REVENUE		
Charges for Goods and Services	\$ 3,974,458	\$ 14,742,309
Revenue Dedicated to Servicing Debt	172,353	-
Miscellaneous	8,425	921,461
Total Operating Revenue	<u>4,155,236</u>	<u>15,663,770</u>
OPERATING EXPENSES		
Personnel Services	794,466	1,292,415
Other Current Expenses	916,070	1,821,007
Materials (Cost of Goods Sold)	81,126	6,790,176
Depreciation	566,436	1,434,899
Total Operating Expenses	<u>2,358,098</u>	<u>11,338,497</u>
OPERATING INCOME (LOSS)	<u>1,797,138</u>	<u>4,325,273</u>
NONOPERATING REVENUE (EXPENSE)		
Capital Grants	108,479	10,101
Investment Earnings	6,341	34,655
Rental Revenue	-	15,120
Interest Expense	(2,039)	(455,552)
Insurance Proceeds	-	1,105
Gain (Loss) on Disposition of Assets	25,955	14,101
Total Nonoperating Revenue (Expense)	<u>138,736</u>	<u>(380,470)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,935,874	3,944,803
Capital Contributions	9,388	-
Transfers In (Out)	-	(2,111,885)
CHANGE IN NET POSITION	<u>1,945,262</u>	<u>1,832,918</u>
NET POSITION - BEGINNING	15,797,688	26,006,110
Restatement - Adoption of GASB 84	-	-
NET POSITION - BEGINNING, RESTATED	<u>15,797,688</u>	<u>26,006,110</u>
NET POSITION - ENDING	<u>\$ 17,742,950</u>	<u>\$ 27,839,028</u>

The accompanying notes are an integral part of this statement.

Enterprise Funds

Waste Water Fund	Airport Fund	Other Enterprise Funds	Totals	Internal Service Funds
\$ 3,266,697	\$ 101,856	\$ 1,607,725	\$ 23,693,045	\$ 3,017,779
358,411	-	-	530,764	-
949	3	2,973	933,811	-
<u>3,626,057</u>	<u>101,859</u>	<u>1,610,698</u>	<u>25,157,620</u>	<u>3,017,779</u>
538,991	419,161	906,523	3,951,556	1,962,452
666,050	196,292	576,401	4,175,820	656,551
171,544	38,468	158,918	7,240,232	-
<u>1,001,590</u>	<u>1,498,462</u>	<u>305,373</u>	<u>4,806,760</u>	<u>-</u>
<u>2,378,175</u>	<u>2,152,383</u>	<u>1,947,215</u>	<u>20,174,368</u>	<u>2,619,003</u>
<u>1,247,882</u>	<u>(2,050,524)</u>	<u>(336,517)</u>	<u>4,983,252</u>	<u>398,776</u>
5,387	4,728,264	7,788	4,860,019	-
7,383	-	10,525	58,904	5,013
2,100	240,699	100	258,019	-
(92,011)	-	-	(549,602)	-
-	49,355	2,823	53,283	-
<u>1,119</u>	<u>(161,350)</u>	<u>167,578</u>	<u>47,403</u>	<u>-</u>
<u>(76,022)</u>	<u>4,856,968</u>	<u>188,814</u>	<u>4,728,026</u>	<u>5,013</u>
1,171,860	2,806,444	(147,703)	9,711,278	403,789
24,674	-	-	34,062	-
<u>102,124</u>	<u>1,439,245</u>	<u>234,395</u>	<u>(336,121)</u>	<u>-</u>
<u>1,298,658</u>	<u>4,245,689</u>	<u>86,692</u>	<u>9,409,219</u>	<u>403,789</u>
14,716,370	27,482,159	7,522,911	91,525,238	1,218,206
-	-	-	-	13,593
<u>14,716,370</u>	<u>27,482,159</u>	<u>7,522,911</u>	<u>91,525,238</u>	<u>1,231,799</u>
<u>\$ 16,015,028</u>	<u>\$ 31,727,848</u>	<u>\$ 7,609,603</u>	<u>\$ 100,934,457</u>	<u>\$ 1,635,588</u>

The accompanying notes are an integral part of this statement.

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City of Pierre, South Dakota
Reconciliation of the Proprietary Funds Statement of Revenues,
Expenditures, and Change in Net Position to the Statement of Activities
For the Year Ended December 31, 2020

Change in Net Position - Total Proprietary Funds \$ 9,409,219

Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of the enterprise funds' participation in the activities conducted in the internal service fund.

121,013

Change in Net Position of Business-type Activities \$ 9,530,232

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2020

	Water Fund	Electric Fund
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Receipts from Customers	\$ 4,125,900	\$ 16,003,770
Payments to Suppliers	696,087	(9,175,863)
Payments to Employees	(748,978)	(1,173,161)
Net Cash from (Used by) Operating Activities	<u>4,073,009</u>	<u>5,654,746</u>
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES		
Due to (from) Other Funds	-	-
Transfers (to) from Other Funds	-	(2,111,885)
Net Cash from (Used by) Noncapital Financing Activities	<u>-</u>	<u>(2,111,885)</u>
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	117,867	25,564
Proceeds from Debt Issuance	-	-
Proceeds from Sale of Capital Assets	72,000	18,622
Other Receipts	-	15,120
Purchase of Capital Assets	(6,605,430)	(4,037,077)
Insurance Proceeds	-	1,105
Debt Principal Paid	(116,150)	(675,205)
Debt Interest Paid	(2,039)	(569,376)
Net Cash from (Used by) Capital and Related Financing Activities	<u>(6,533,752)</u>	<u>(5,221,247)</u>
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Cash (Invested in) Provided by Restricted/Reserve Accounts	-	(960,844)
Cash Received for Interest	6,341	34,655
Net Cash from (Used by) Investing Activities	<u>6,341</u>	<u>(926,189)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,454,402)	(2,604,575)
BALANCE - BEGINNING, AS RESTATED	<u>3,374,644</u>	<u>6,411,437</u>
BALANCE - ENDING	<u>\$ 920,242</u>	<u>\$ 3,806,862</u>

The accompanying notes are an integral part of this statements.

Enterprise Funds				
Waste Water Fund	Airport Fund	Other Enterprise Funds	Totals	Internal Service Funds
\$ 2,598,426	\$ 89,573	\$ 1,600,752	\$ 24,418,421	\$ 2,518,858
(1,352,093)	(61,894)	(915,801)	(10,809,564)	(731,648)
<u>(519,216)</u>	<u>(423,274)</u>	<u>(823,806)</u>	<u>(3,688,435)</u>	<u>(1,368,173)</u>
<u>727,117</u>	<u>(395,595)</u>	<u>(138,855)</u>	<u>9,920,422</u>	<u>419,037</u>
-	-	(55,364)	(55,364)	-
<u>102,124</u>	<u>1,439,245</u>	<u>234,395</u>	<u>(336,121)</u>	<u>-</u>
<u>102,124</u>	<u>1,439,245</u>	<u>179,031</u>	<u>(391,485)</u>	<u>-</u>
30,061	3,094,279	7,788	3,275,559	-
1,044,867	-	-	1,044,867	-
1,119	-	262,753	354,494	-
2,100	240,699	100	258,019	-
(918,663)	(4,428,030)	(267,245)	(16,256,445)	-
-	49,355	2,823	53,283	-
(144,957)	-	-	(936,312)	-
<u>(96,944)</u>	<u>-</u>	<u>-</u>	<u>(668,359)</u>	<u>-</u>
<u>(82,417)</u>	<u>(1,043,697)</u>	<u>6,219</u>	<u>(12,874,894)</u>	<u>-</u>
-	-	(42,000)	(1,002,844)	-
<u>7,383</u>	<u>-</u>	<u>10,525</u>	<u>58,904</u>	<u>5,013</u>
<u>7,383</u>	<u>-</u>	<u>(31,475)</u>	<u>(943,940)</u>	<u>5,013</u>
754,207	(47)	14,920	(4,289,897)	424,050
<u>1,965,533</u>	<u>143</u>	<u>6,563</u>	<u>11,758,320</u>	<u>1,372,682</u>
<u>\$ 2,719,740</u>	<u>\$ 96</u>	<u>\$ 21,483</u>	<u>\$ 7,468,423</u>	<u>\$ 1,796,732</u>

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended December 31, 2020

	Water Fund	Electric Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED BY) OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 1,797,138	\$ 4,325,273
Adjustments to Reconcile Operating Income to Net Cash from (Used by) Operating Activities:		
Depreciation Expense	566,436	1,434,899
Change in Assets and Liabilities:		
Accounts Receivables/Unbilled Receivables	(29,289)	321,164
Due from Other Government	-	-
Inventories	(47,184)	(320,101)
Pension-related Deferred Outflows	(34,157)	(56,456)
OPEB-related Deferred Outflows	(5,943)	(10,299)
Accounts and Other Payables	1,740,469	(244,575)
Accrued Landfill Closure and Post-closure Costs	-	-
Accrued Wages Payable	(31)	21
Revenue Collected in Advance	(47)	(2,021)
Customer Deposits	-	20,857
Accrued Leave Payable	6,397	25,526
Pension-related Deferred Inflows	82,584	136,498
OPEB-related Deferred Inflows	(1,532)	(2,654)
OPEB Liability	(3,345)	24,113
Pension-related Asset/Liability	1,513	2,501
NET CASH FROM (USED BY) OPERATING ACTIVITIES	<u>\$ 4,073,009</u>	<u>\$ 5,654,746</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Payments of Accounts Payable for Prior Year Fixed Assets	<u>\$ -</u>	<u>\$ 204,418</u>
Debt Issued to Finance Capital Assets	<u>\$ 7,139,832</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statements.

Enterprise Funds				
Waste Water Fund	Airport Fund	Other Enterprise Funds	Totals	Internal Service Funds
\$ 1,247,882	\$ (2,050,524)	\$ (336,517)	\$ 4,983,252	\$ 398,776
1,001,590	1,498,462	305,373	4,806,760	-
(1,022,658)	(12,286)	(9,962)	(753,031)	(498,921)
(4,785)	-	-	(4,785)	-
15,968	(12,525)	7,512	(356,330)	-
(23,290)	(16,043)	(37,358)	(167,304)	-
(4,041)	(3,346)	(6,692)	(30,321)	-
(530,467)	185,391	(37,944)	1,112,874	519,182
-	-	(150,050)	(150,050)	-
(675)	(649)	183	(1,151)	-
(188)	-	16	(2,240)	-
-	-	-	20,857	-
(5,538)	(18,274)	18,564	26,675	-
56,311	38,787	90,323	404,503	-
(1,041)	(862)	(1,725)	(7,814)	-
(2,983)	(4,437)	17,766	31,114	-
1,032	711	1,656	7,413	-
<u>\$ 727,117</u>	<u>\$ (395,595)</u>	<u>\$ (138,855)</u>	<u>\$ 9,920,422</u>	<u>\$ 419,037</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,418</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,139,832</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2020

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>8,004</u>
LIABILITIES	
Accounts Payable and Other Payables	\$ <u>16,734</u>
NET POSITION	
Restricted for Employees	\$ <u>(8,730)</u>

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2020

	Custodial Fund
ADDITIONS	
Donations	\$ 114,721
DEDUCTIONS	
Employee Flex Spending	128,808
CHANGE IN NET POSITION	(14,087)
NET POSITION - BEGINNING	-
RESTATEMENT - ADOPTION OF GASB 84	5,357
NET POSITION - BEGINNING, AS RESTATED	5,357
NET POSITION - ENDING	\$ (8,730)

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The reporting entity of the City of Pierre, South Dakota (the City) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

Financial statements of the Housing and Redevelopment Commission of the City of Pierre, South Dakota are discretely presented in the accompanying financial statements under "component units." The financial information is as of and for the year ended June 30, 2020. The financial statements have been audited by other auditors. The component unit is reported using the accrual basis of accounting. Separate financial statements for the component unit can be obtained from the Housing and Redevelopment Commission of the City of Pierre, PO Box 937, Pierre, SD 57501.

The component unit is a governmental unit formed to provide low-income housing to residents of the City. The City Commission appoints the board members of the component unit, thus having control over it. The City Commission has the statutory authority to approve or deny any proposed Commission housing Projects (SDCL 11-7-49 through 49. 1, 11-7-53 and 11-7-78) and to approve or disapprove the Housing Commission's intent to issue long-term debt, by disapproving a proposed project to be so financed. (SDCL 11-7-53.2)

The City participates in a cooperative unit for the Exposition Building (Hughes County, Stanley County, and the City of Fort Pierre (see Note 20). Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the City.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City and between the City and its discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.A above, and may be classified as either governmental or business-type activities. See the discussion of the individual component unit in Note 1.A above.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Major individual governmental and proprietary funds are reported in separate columns.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is a primary operating fund of the City or if it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the funds' operations.

The funds of the City are described below:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are legally restricted to expenditures for specified purposes. The City's special revenue funds are as follows:

Special Sales Tax Fund - A fund established by ordinance to account for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food, and admissions. Proceeds from this tax are used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium, or athletic facility buildings, including the maintenance, staffing, and operations of such facilities and the promotion and advertising of the city (SDCL 10-52A-2). This fund was established through local ordinance. This is a major fund.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The remaining of the City's Special Revenue Funds are not major funds and are reported in the aggregate in the Other Governmental Funds Column on the fund financial statements. The following is a listing of the funds: Occupancy Tax Fund; E-911 Fund; Library Fund; Police Pistol Fund; Police Cadet Fund; Public/Education Government Channel Fund; and Storm Drainage Fund.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

TIF Funds - To account for the property taxes which may be used only for the payment of the applicable TIF bonds. The City has three of these debt service funds (TIF #4, #6, and #7). These are not major funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Capital Improvement Fund - A fund established by ordinance to account for a portion of the City's general sales tax. Proceeds from this tax are to be used for capital outlay expenditures and for retiring capital improvement indebtedness for both governmental and business-type activity debt. This is a major fund.

Permanent Funds - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs - that is for the benefit of the City and its citizenry.

Cemetery Perpetual Care Fund - To account for the payments received for perpetual care of cemeteries which is permanently set aside and for which only the income from the trust fund investments is used for the care and maintenance of the cemetery (SDCL 9-32-18). This is not a major fund.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise Funds - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Water Fund - Financed primarily by user charges this fund accounts for the construction and operation of the City waterworks system and related facilities (SDCL 9-47-1). This is a major fund.

Electric Fund - Financed primarily by user charges this fund accounts for the construction and operation of the municipal electrical system and related facilities (SDCL 9-39-1 and 9-39-96). This is a major fund.

Wastewater Fund - Financed primarily by user charges this fund accounts for the construction and operation of the municipal sewer system and related facilities (SDCL 9-48-2 and 9-48-29). This is a major fund.

Airport Fund - Financed primarily by user charges this fund accounts for the acquisition, construction, and operation of a municipal airport (SDCL 50-7-2). This is a major fund.

The City reports the following non-major enterprise funds:

Garbage Fund - To account for the collection and disposal of solid waste from the City (SDCL 9-32-11 and 34A-6).

Landfill Fund - To account for the construction and operation of landfill operation for the City.

Internal Services Funds - Internal Services Funds are used to account for the financing of goods or services provided by one department or custodial to other departments or agencies of the primary government and its component units or to other governments, on a cost-reimbursement basis. The Health Insurance Fund and Medical Spending Fund are the only internal service funds maintained by the City. Internal service funds are never considered to be major funds.

Fiduciary Funds:

Custodial Fund – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefits) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of various pass-through funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” receipts and disbursements are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, the governmental, business-type, and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the City, the length of that cycle is 30 days. The revenues which are accrued at December 31, 2020 are sales tax, real estate taxes, state shared revenues, and miscellaneous other revenues. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collecting within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

Government-wide Financial Statements

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including employee health insurance, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Fund so that expenses are reported only in the function to which they relate.
3. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement.

E. DEPOSITS AND INVESTMENTS

For the purpose of financial reporting and the Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at the date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at the date of acquisition exceeds three months, and/or those types of investments authorized by South Dakota Codified Laws (SDCL) 4-5-6.

F. CAPITAL ASSETS

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary and normally can be preserved for a significantly greater number of years than most capital assets.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 1980 are recorded at cost and classified as "Improvements other than Buildings."

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with US GAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with US GAAP.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in government-wide or fund financial statements.

Government-wide Statements:

All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements, or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position/Balance Sheet. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land and land rights	***	***	***
Buildings	\$ 5,000	Straight-line	40 - 99 years
Improvements other than buildings	5,000	Straight-line	10 - 25 years
Machinery and equipment	5,000	Straight-line	3 - 25 years
Infrastructure	5,000	Straight-line	25 - 50 years
Utilities, property and improvements	5,000	Straight-line	10 - 50 years

***Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

G. LONG-TERM LIABILITIES

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of compensated absences, revenue bonds payable, and capital leases.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

H. PROGRAM REVENUES

Program revenues derive directly from the program itself or parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for Services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific Operating Grants and Contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Program-specific Capital Grants and Contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

I. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that apply to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

J. PROPRIETARY FUNDS REVENUE AND EXPENSE CLASSIFICATION

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

K. CASH AND CASH EQUIVALENTS

The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's unrestricted equity in the cash management pool is considered to be cash equivalents for the purpose of the Statement of Cash Flows, excluding funds that are held in reserve or restricted.

L. RESTRICTED ASSETS

Certain debt proceeds of the City's governmental and enterprise funds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. Also, certain resources have been set aside to fund capital asset construction and future landfill closure and post-closure costs.

M. EQUITY CLASSIFICATION

Government-wide Statements:

Equity is classified as net position and is displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable), and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisitions, construction or improvement of those assets.

Restricted Net Position - Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "net investment in capital assets" or "restricted."

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable," "Restricted," "Committed," "Assigned," and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is classified as restricted.

N. APPLICATION OF NET POSITION

It is the City's policy to first use restricted net position, prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

O. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Nonspendable Fund Balance - Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted Fund Balance - Amounts constrained to specific purposes that are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end.

Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates the authority.

Unassigned Fund Balance - Positive fund balance within the General Fund which has not been classified in the above-mentioned categories and negative fund balance in other governmental funds.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Commission through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The City uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In June 2016, the City approved Resolution #2584, which was a resolution establishing a policy in which the City will attempt to maintain an individual fund undesignated reserve balance of 16% of annual estimated revenues. This estimate will be updated annually for current budget figures and the Commission will review the undesignated fund balance as it relates to this policy annually as part of the annual budget process or annual financial reporting process.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A schedule of fund balances reported on the balance sheet of the governmental funds is as follows:

	General Fund	Capital Improvement Fund	Special Tax Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:					
Nonspendable:					
Public Assurance					
Alliance Reserve	\$ 660,833	\$ -	\$ -	\$ -	\$ 660,833
Inventory	198,839	-	-	135,060	333,899
Cemetery	-	-	-	50,000	50,000
Restricted for:					
Public Works	15,418,302	-	-	-	15,418,302
Special Sales Tax	-	-	628,139	-	628,139
Storm Drainage	-	-	-	716,324	716,324
Library	-	-	-	56,130	56,130
911	-	-	-	507,140	507,140
Cemetery	-	-	-	4,464	4,464
Culture and Recreation	396	-	-	-	396
Committed to:					
Capital Improvements	-	999,292	-	-	999,292
Culture and Recreation	19,650	-	-	78,975	98,625
Police Pistol	-	-	-	12,937	12,937
Police Cadets	-	-	-	14,154	14,154
Occupancy Tax	-	-	-	487,723	487,723
Assigned to:					
Applied to Next					
Year's Budget	1,347,574	-	-	-	1,347,574
Capital Accumulations	230,335	-	-	-	230,335
Total Fund Balances	<u>\$ 17,876,143</u>	<u>\$ 999,292</u>	<u>\$ 628,139</u>	<u>\$ 2,062,907</u>	<u>\$ 21,566,481</u>

P. PENSIONS

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Municipal contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. IMPLEMENTATION OF GASB STATEMENT NO. 84

As of January 1, 2020, the City adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities, and (2) greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the City resulted in certain activities previously reported as fiduciary not being considered fiduciary under GASB 84. The effect of the implementation of this standard on beginning balances is disclosed in Note 24.

NOTE 2 - DEPOSITS AND INVESTMENTS

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

Deposits - The City's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1, and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost plus interest if the account is the add-on type.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investments. The City's policy is to credit all income from deposits and investments to the fund making the investment.

Investments - In general, SDCL 4-5-6 permits City funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent. The City reported no investments at December 31, 2020.

Credit Risk - State law limits eligible investments for the City, as discussed above. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk - Deposits - The risk that in the event of a depository failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial risk. As of December 31, 2020, the City's deposits in financial institutions were not exposed to credit risk as all deposits were fully insured or collateralized and were not exposed to custodial risk.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk (Component Unit) - The Commission does not have a deposit policy of custodial risk. As of June 30, 2020, the Commission's deposits were fully insured or collateralized and were not exposed to custodial risk.

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer.

NOTE 3 - RESTRICTED ASSETS

Assets restricted for use for a specific purpose through segregation of balances in separate accounts are as follows:

Purpose	Amount
Governmental Activities:	
Cemetery Perpetual Care	\$ 54,464
South Dakota Public Assurance Alliance	660,833
Pension	12,906
Total Governmental	\$ 728,203
Business-type Activities:	
Debt Service Covenants	\$ 4,833,186
Customer Deposits	652,815
Landfill Expansion and Post-closure Costs	1,214,144
Pension	5,160
Total Business-type	\$ 6,705,305

NOTE 4 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

- *General Fund* - \$910,634 due from state government for 1% city sales tax; \$28,066 due from state government for liquor tax reversion funds; and \$800,751 due from state government for grant reimbursements.
- *Capital Improvement Fund* - \$910,634 due from state government for 1% city sales tax.
- *Special Sales Tax Fund* - \$77,832 due from state government for 1% city sales tax.
- *Airport Fund* - \$1,857,340 due from federal government for grant.
- *E-911 Fund* - \$29,311 due from state government for state radio charges, and \$251,898 due from federal government for grant.
- Amounts due for federal grant reimbursements through the state for the following funds and amounts: Water Fund \$8,198, Electric Fund \$10,091, Waste Water Fund \$4,785, Garbage Fund \$430, and Landfill Fund \$3,692.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 6 - INVENTORY

Inventory in the General Fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Inventory in the storm drainage fund and the proprietary funds is recorded as an asset when acquired. The consumption of inventories is charged to expense as it is consumed. Inventories are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

Government-wide Financial Statements

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed.

Fund Financial Statements

In the fund financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed. Material supply inventories are offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current position.

NOTE 7 - UNAVAILABLE REVENUE

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported unavailable revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met. The governmental funds report unavailable delinquent property tax revenues, sales tax revenues, and other grant revenues not considered available as of year-end.

NOTE 8 - PROPERTY TAXES

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The City is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable real property in the City.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 9 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2020 is as follows:

Primary Government	Balance 1/1/2020	Increase	Decrease	Balance 12/31/2020
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 15,168,042	\$ -	\$ (139,986)	\$ 15,028,056
Construction in Progress	<u>3,283,160</u>	<u>2,788,076</u>	<u>(5,420,881)</u>	<u>650,355</u>
Total Capital Assets Not Being Depreciated	<u>18,451,202</u>	<u>2,788,076</u>	<u>(5,560,867)</u>	<u>15,678,411</u>
Capital Assets Being Depreciated:				
Buildings	26,158,436	5,399,572	(1,040,123)	30,517,885
Improvements Other Than Buildings	48,876,269	2,511,198	(2,005,641)	49,381,826
Machinery and Equipment	<u>12,944,942</u>	<u>1,681,251</u>	<u>(837,882)</u>	<u>13,788,311</u>
Total Capital Assets Being Depreciated	<u>87,979,647</u>	<u>9,592,021</u>	<u>(3,883,646)</u>	<u>93,688,022</u>
Less Accumulated Depreciation for:				
Buildings	11,811,140	2,152,127	(1,948,842)	12,014,425
Improvements Other Than Buildings	18,307,127	147,648	(342,955)	18,111,820
Machinery and Equipment	<u>8,857,715</u>	<u>863,669</u>	<u>(569,233)</u>	<u>9,152,151</u>
Total Accumulated Depreciation	<u>38,975,982</u>	<u>3,163,444</u>	<u>(2,861,030)</u>	<u>39,278,396</u>
Total Capital Assets Being Depreciated, Net	<u>49,003,665</u>	<u>6,428,577</u>	<u>(1,022,616)</u>	<u>54,409,626</u>
Governmental Activity Capital Assets, Net	<u>\$ 67,454,867</u>	<u>\$ 9,216,653</u>	<u>\$ (6,583,483)</u>	<u>\$ 70,088,037</u>
Depreciation expense was charged to functions as follows:				
Governmental Activities:				
General Government				\$ 211,037
Public Safety				197,417
Public Works				1,668,828
Health and Welfare				18,950
Culture and Recreation				<u>1,067,212</u>
Total Depreciation Expense - Governmental Activities				<u>\$ 3,163,444</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 9 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Primary Government	Balance 1/1/2020	Increase	Decrease	Balance 12/31/2020
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,615,664	\$ 151,701	\$ (9,534)	\$ 4,757,831
Construction in Progress	<u>3,605,870</u>	<u>12,020,070</u>	<u>(7,248,611)</u>	<u>8,377,329</u>
Total Capital Assets Not Being Depreciated	<u>8,221,534</u>	<u>12,171,771</u>	<u>(7,258,145)</u>	<u>13,135,160</u>
Capital Assets Being Depreciated:				
Buildings	44,366,607	4,824,637	(1,234,125)	47,957,119
Improvements Other Than Buildings	83,914,249	6,400,944	(3,414,431)	86,900,762
Machinery and Equipment	<u>17,064,231</u>	<u>1,146,768</u>	<u>(928,693)</u>	<u>17,282,306</u>
Total Capital Assets Being Depreciated	<u>145,345,087</u>	<u>12,372,349</u>	<u>(5,577,249)</u>	<u>152,140,187</u>
Less Accumulated Depreciation for:				
Buildings	22,580,732	1,531,491	(1,034)	24,111,189
Improvements Other Than Buildings	26,884,614	2,306,085	(3,254,612)	25,936,087
Machinery and Equipment	<u>8,431,974</u>	<u>969,184</u>	<u>(766,818)</u>	<u>8,634,340</u>
Total Accumulated Depreciation	<u>57,897,320</u>	<u>4,806,760</u>	<u>(4,022,464)</u>	<u>58,681,616</u>
Total Capital Assets Being Depreciated, Net	<u>87,447,767</u>	<u>7,565,589</u>	<u>(1,554,785)</u>	<u>93,458,571</u>
Business-type Activity Capital Assets, Net	<u>\$ 95,669,301</u>	<u>\$ 19,737,360</u>	<u>\$ (8,812,930)</u>	<u>\$ 106,593,731</u>

Depreciation expense was charged to functions as follows:

Business-type Activities:	
Water	\$ 566,436
Electric	1,434,899
Waste Water	1,001,590
Airport	1,498,462
Landfill	<u>305,373</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 4,806,760</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 9 - CHANGES IN CAPITAL ASSETS (CONTINUED)

The City had active construction projects as of December 31, 2020. At year-end, the City had commitments with contractors and ongoing projects as follows:

	Project Authorization	Expended Through 12/31/20	Committed
Outdoor Swimming Pool	\$ 13,000,000	\$ 530,620	\$ 12,469,380
Aquatic Center HVAC Phase 2	150,000	12,600	137,400
B Street Project	250,000	27,565	222,435
Highland Avenue Reconstruction	1,554,637	8,250	1,546,387
Server Room A/C Unit	120,000	71,320	48,680
Water Treatment Plant	38,000,000	7,215,512	30,784,488
Euclid Water Main Replacement	2,591,608	54,533	2,537,075
Ash Tap - Garfield Substation Mods	125,000	36,270	88,730
Wastewater Plant Improvements Phase 3	13,000,000	1,071,013	11,928,987
	<u>\$ 68,791,245</u>	<u>\$ 9,027,683</u>	<u>\$ 59,763,562</u>

NOTE 10 - CHANGES IN COMPONENT UNIT CAPITAL ASSETS

A summary of changes in component unit capital assets for the year ended June 30, 2020 is as follows:

Component Unit	Balance 7/1/2019	Increase	Decrease	Balance 6/30/2020
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 80,645	\$ -	\$ -	\$ 80,645
Capital Assets Being Depreciated:				
Buildings and Improvements	2,813,698	31,783	-	2,845,481
Furniture and Equipment	77,402	7,426	(14,422)	70,406
Total Capital Assets Being Depreciated	<u>2,891,100</u>	<u>39,209</u>	<u>(14,422)</u>	<u>2,915,887</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	2,492,632	45,672	-	2,538,304
Furniture and Equipment	56,833	4,027	(14,422)	46,438
Total Accumulated Depreciation	<u>2,549,465</u>	<u>49,699</u>	<u>(14,422)</u>	<u>2,584,742</u>
Total Capital Assets Being Depreciated, Net	<u>341,635</u>	<u>(10,490)</u>	<u>-</u>	<u>331,145</u>
Governmental Activity Capital Assets, Net	<u>\$ 422,280</u>	<u>\$ (10,490)</u>	<u>\$ -</u>	<u>\$ 411,790</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 11 - LONG-TERM DEBT

The City has revenue bonds and tax-increment financing direct placements related to governmental activities totaling \$17,589,686 and \$926,029, respectively, and revenue bonds related to business-type activities totaling \$28,780,581. The City has pledged sales taxes and utility customer revenues for the payment of the revenue bonds. There are several limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

A summary of changes in long-term debt is as follows:

Primary Government	01/01/20	Increase	Decrease	12/31/20	Due Within One Year	Interest Paid
Governmental Activities:						
Bonds Payable:						
Tax Increment Financing	\$ 1,123,860	\$ -	\$ (161,831)	\$ 962,029	\$ 149,556	\$ 60,464
Revenue	<u>8,237,492</u>	<u>10,000,000</u>	<u>(647,866)</u>	<u>17,589,626</u>	<u>1,172,038</u>	<u>206,514</u>
Total Debt	9,361,352	10,000,000	(809,697)	18,551,655	1,321,594	266,978
Accrued Compensated Absences	901,184	70,826	-	972,010	72,901	-
OPEB	<u>1,262,681</u>	<u>129,283</u>	<u>-</u>	<u>1,391,964</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>11,525,217</u>	<u>10,200,109</u>	<u>(809,697)</u>	<u>20,915,629</u>	<u>1,394,495</u>	<u>266,978</u>
Business-type Activities:						
Bonds Payable:						
Revenue	<u>21,532,193</u>	<u>8,184,699</u>	<u>(936,311)</u>	<u>28,780,581</u>	<u>881,340</u>	<u>1,178,675</u>
Total Debt	21,532,193	8,184,699	(936,311)	28,780,581	881,340	1,178,675
Accrued Compensated Absences	392,727	26,674	-	419,401	31,455	-
OPEB	<u>552,356</u>	<u>31,114</u>	<u>-</u>	<u>583,470</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>22,477,276</u>	<u>8,242,487</u>	<u>(936,311)</u>	<u>29,783,452</u>	<u>912,795</u>	<u>1,178,675</u>
Total Primary Government	<u>\$ 34,002,493</u>	<u>\$ 18,442,596</u>	<u>\$ (1,746,008)</u>	<u>\$ 50,699,081</u>	<u>\$ 2,307,290</u>	<u>\$ 1,445,653</u>
Component Unit						
Accrued Compensated Absences	<u>\$ 9,058</u>	<u>\$ 7,743</u>	<u>\$ (10,238)</u>	<u>\$ 6,563</u>	<u>\$ 4,058</u>	<u>\$ -</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Debt payable at December 31, 2020 was comprised of the following:

Government Activity Debt:

Revenue Bonds:

2010 Tax Increment Revenue Bond for TIF District No. 6 Loan. Payable in semi-annual installments of approximately \$80,000 at 5.6% interest. Paid by a Debt Service fund. Due 2026.	\$ 864,910
2009 Tax Increment Revenue Bond for TIF District No. 5 Loan. Payable in semi-annual installments of approximately 17,000 at 4.8% interest. Paid by a Debt Service fund. Due 2023.	33,901
2008 Tax Increment Revenue Bond for TIF District No. 4 Loan. Payable in semi-annual installments at 4.5% interest. Paid by a Debt Service fund. Due 2024.	63,218
State Revolving Fund Loan - Solid Waste Landfill and Baler. Payable in semi-annual installments of \$20,056, including interest at 3.0%. Paid out of the Capital Improvement Fund. Due December 31, 2023.	114,265
State Revolving Fund Loan for landfill remediation. Payable in quarterly installments of \$10,685, including interest at 3.25%. Paid out of the Capital Improvement Fund. Due April 14, 2031.	378,928
State Revolving Fund Loan for the development of a landfill. Payable in quarterly installments of \$20,918, including interest at 3.5%. Paid out of the Capital Improvement Fund. Due June 30, 2025.	311,043
2015 Sales Tax Revenue Bond. Payable in quarterly installments of \$22,883, including interest at 2.25%. Paid out of the Special Tax Fund. Due November 15, 2025.	431,707
2016 Solid Waste Revenue Bond for landfill baler replacement. Payable in semi-annual installments of \$21,938, including interest at 2.25%. Paid out of the Special Tax Fund. Due December 2026.	244,970
2016 Sales Tax Revenue Bond. Payable in semi-annual installments of varying amounts, including interest rates ranging from 2.25% to 3.90%. Paid out of the Capital Improvement Fund and Waste Water Fund. Due December 2036.	5,362,955
2017 Sales Tax Revenue Bond for the Hilger's Gulch Sanitary Sewer Phase 1. Only a portion of the \$1,450,000 has been drawn. Payable in quarterly installments of \$40,582 beginning August 2019, including interest at 2.25% paid out of the Special Tax Fund. Due May 15, 2029.	745,758

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 11 - LONG-TERM DEBT (CONTINUED)

2020 Sales Tax Revenue Bond for the Outdoor Pool. Payable in semi-annual installments of \$387,370 beginning 2021, including interest at 1.94%
 Paid out of the General Fund. Due 2035. 10,000,000

Total Revenue Bonds 18,551,655

Compensated Absences:

The liability for compensated absences represents leave benefits earned as of December 31, 2020:

Annual Leave 495,497

Sick Leave 466,754

Comp Leave 9,759

Total Compensated Absences 972,010

Other Post Employment Benefits 1,391,964

Total Governmental Activity Debt 20,915,629

Business-type Activity Debt:

Revenue Bonds:

2016 Sales Tax Revenue Bond. Payable in semi-annual installments of varying amounts, including interest rates ranging from 2.25% to 3.90%. Paid out of the Capital Improvement Fund and Waste Water Fund. Due December 2036. 818,184

Electric Revenue Refunding Bonds, Series 2019, to refund bonds previously issued for a new electric substation. Payable in semi-annual installments of \$337,340, including interest rates at 2.98%. Paid out of the Electric Fund. Due December 15, 2039. 9,734,094

Electric Revenue Bonds, Series 2017 for electric infrastructure. Payable in semi-annual installments of varying amounts, including interest at 2.98%. Paid out of the Electric Fund. Due December 1, 2037. 7,513,000

2016 Clean Water State Revolving Fund for Wastewater Treatment Facility Improvements. Only a portion of the \$3,821,100 has been drawn. Payments will begin in 2019 with interest at 2.25% and a .75% surcharge. Due 2039. 2,530,604

2021 Clean Water State Revolving Fund for Wastewater Treatment Facility Improvements. Only a portion of the \$15,310,000 has been drawn. Payments will begin in 2023 with interest at 2.0% and a .5% surcharge. Due 2043. 1,044,867

2020 Drinking Water State Revolving Fund for Water Treatment Facility Construction. Only a portion of the \$38,000,000 has been drawn. Payments will begin in 2022 with interest at 2.0% and a .5% surcharge. Due 2052. 7,139,832

Total Revenue Bonds 28,780,581

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Compensated Absences:

Compensated Absences of Enterprise:

Employees:

Annual Leave	203,782
Sick Leave	213,910
Comp Leave	1,709
	<u>419,401</u>

Total Compensated Absences 419,401

Other Post Employment Benefits 583,470

Total Business-type Activity Debt 29,783,452

Total Primary Government \$ 50,699,081

Component Unit Compensated Absences \$ 6,563

The annual requirements to amortize all debt outstanding as of December 31, 2020, excluding compensated absences and other post-employment benefits are as follows:

Governmental Activities:

	Revenue Bonds		Tax Increment Financing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending December 31						
2021	\$ 1,172,038	\$ 406,757	\$ 149,556	\$ 48,917	\$ 1,321,594	\$ 455,674
2022	1,228,805	365,941	139,395	42,550	1,368,200	408,491
2023	1,257,924	336,821	131,636	35,762	1,389,560	372,583
2024	1,247,348	307,283	134,005	28,502	1,381,353	335,785
2025	1,191,932	279,030	126,975	28,605	1,318,907	307,635
2026 - 2030	5,481,779	1,080,448	280,462	21,874	5,762,241	1,102,322
2031 - 2035	5,586,507	468,427	-	-	5,586,507	468,427
2036	423,293	10,348	-	-	423,293	10,348
	<u>\$ 17,589,626</u>	<u>\$ 3,255,055</u>	<u>\$ 962,029</u>	<u>\$ 206,210</u>	<u>\$ 18,551,655</u>	<u>\$ 3,461,265</u>

Business-type Activities:

	Revenue Bonds	
	Principal	Interest
Year Ending December 31		
2021	\$ 881,340	\$ 601,382
2022	1,320,901	2,963,121
2023	1,935,704	2,210,507
2024	2,461,241	1,704,242
2025	2,136,763	1,469,413
2026 - 2030	9,531,067	5,477,115
2031 - 2035	6,275,270	1,162,917
2036 - 2040	4,238,295	244,564
	<u>\$ 28,780,581</u>	<u>\$ 15,833,261</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 12 - CONDUIT DEBT

During the year ended December 31, 2018, the City issued revenue bonds to provide financial assistance to Capital Area Counseling Service, Inc. to finance the construction of a health treatment and addiction treatment office building that has been deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the constructed facilities will be retained by the Capital Area Counseling Service, Inc. Neither the City, the State of South Dakota, nor any political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2020, there was one series of conduit bonds outstanding, with an unpaid principal amount of \$2,362,824. Subsequent to year-end, the City authorized the issuance of revenue bonds to provide financial assistance to the Oahe YMCA for construction up to \$3 million.

NOTE 13 - OPERATING LEASE

In June of 2019, the City entered into a three-year lease with Eagle Creek Software Services beginning July 1, 2019 ending June 30, 2022. The City will receive monthly lease payments of \$7,450. Revenues related to these leases for the year ended December 31, 2020 were \$89,400. Future minimum lease payments are expected to be as follows:

2021	89,400
2022	44,700

The City entered into a five-year lease for 50 golf carts on March 1, 2018. The lease requires 30 monthly payments (May-October every year) of \$5,314, including interest of 3.8%. Future minimum rents are \$31,883 annually until 2022.

NOTE 14 - INTERFUND TRANSFERS

Transfers for 2020 were as follows:

Transfers From:	Transfers In:					Total
	General Fund	Waste Water Fund	Airport Fund	Other Governmental Funds	Other Enterprise Funds	
General Fund	\$ -	\$ -	\$ 1,439,245	\$ -	\$ 234,395	\$ 1,673,640
Special Tax Fund	-	-	-	18,726	-	18,726
Capital Improvement Fund	1,364,608	-	-	101,329	-	1,465,937
Other Governmental Funds	77,097	102,124	-	-	-	179,221
Electric Fund	2,111,885	-	-	-	-	2,111,885
	\$ 3,553,590	\$ 102,124	\$ 1,439,245	\$ 120,055	\$ 234,395	\$ 5,449,409

All transfers were to subsidize operations within funds.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 15 - RETIREMENT PLAN

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple-employer, hybrid, defined-benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731.

Benefits Provided

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017 are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of the age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All foundation retirements that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory services. At retirement, married Generational members may elect a single-life benefit, a 60% joint and survivor benefit, or a 100% joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5% of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on the investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 15 - RETIREMENT PLAN (CONTINUED)

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the years ended December 31, 2020, 2019, and 2018 were \$559,013, \$547,289, and \$540,673 respectively, and were equal to the required contributions each year.

Pension Liability (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2020, SDRS was 100.04% funded and accordingly, has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ending June 30, 2020, and reported by the City as of December 31, 2020 were as follows:

Proportionate Share of Total Pension Liability	\$ 51,137,250
Less: Proportionate Share of Net Position Restricted for Pension Benefits	<u>51,155,316</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (18,066)</u>

At December 31, 2020, the City reported a liability (asset) of \$(18,066) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the City's proportion was 0.4159869% which was a 0.0053501% decrease from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense (reduction of pension expense) of \$877,282. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 69,112	\$ 14,154
Changes in Assumption	581,928	2,346,946
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,679,168	-
Changes in Proportion and Difference Between the Contributions and Proportionate Share of Contributions	48,962	-
Contributions Subsequent to the Measurement Date	286,804	-
	<u>\$ 2,665,974</u>	<u>\$ 2,361,100</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 15 - RETIREMENT PLAN (CONTINUED)

There is \$286,804 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reductions of pension expense) as follows:

Year Ended December 31	
2021	\$ (183,363)
2022	(145,654)
2023	33,197
2024	313,890
2025	-
Thereafter	-
	\$ 18,070

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expenses
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white-collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on RP-2014 Disabled Retiree Mortality Table, adjusted to 2016 projected generationally with Scale MP-2016. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for the management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of Liability (Assets) to Changes in the Discount Rate

The following presents the City's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,008,500	\$ (18,066)	\$ (5,765,659)

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2020, the City managed its risks as follows:

Employee Health Insurance

The City has established a group health self-insurance fund to pay for medical claims of city employees and their covered dependents. Payments to the fund are actuarially determined and are to cover individual claims up to \$40,000 and any administrative costs relative to the processing of the claims. Medical claims exceeding this amount are covered through a private insurance carrier, up to a specific annual maximum of \$2,000,000 per member. An estimated liability for claims incurred but not paid is accrued based upon the past experience of the plan.

Changes in the amount of claims liabilities in the last three years were as follows:

	Balance at January 1	Claims and Changes in Estimates	Claim Payments	Balance at December 31
2020	\$ 67,280	\$ 1,930,154	\$ 1,336,591	\$ 660,843
2019	283,714	1,074,887	1,291,321	67,280
2018	79,663	1,447,242	1,243,191	283,714

Worker's Compensation:

The City joined the South Dakota Municipal League Worker's Compensation Fund (the Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 16 - RISK MANAGEMENT (CONTINUED)

Liability Insurance

The City joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk-sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control, and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays a Members' Annual Operating Contribution to provide liability coverage detailed below under a claims-made policy, and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool to provide coverage for general liability, officials' liability, automobile liability and damage, property damage, and law enforcement liability.

Effective January 1, 2018, the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the pool's total contributions, along with the member's total contributions, current losses, unpaid losses, and loss expenses, the member's loss ratio, and number of membership years.

A member who withdraws from the SDPAA shall receive a calculated portion of their contributions refunded for unpaid casualty losses, based on the following schedule:

End of City's first full year	55%
End of City's second full year	50%
End of City's third full year	40%
End of City's fourth full year	35%
End of City's fifth full year	30%
End of City's sixth full year and thereafter	20%

All refunds shall be paid to the withdrawing Member of a five-year term.

The amount available for refund to the City is considered a deposit for financial reporting purposes.

As of December 31, 2020, the City's balance available to be refunded per the SDPAA was \$660,833 which was an increase of \$23,504 from the previous year. The change in the amount available for refund was accounted for as a decrease in the insurance expense. In future periods the change in the amount available for refund will be accounted for as an increase or decrease in the insurance expenses.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 16 - RISK MANAGEMENT (CONTINUED)

The City carries the following coverages with SDPAA:

Type	Limit	Deductible
General Liability	\$ 2,000,000	\$ -
Auto Liability	2,000,000	-
Auto Damage	250,000	-
Law Enforcement	2,000,000	3,000
Real and Personal Property	105,000,000	1,000
Equipment Breakdown	105,000,000	15,000
Cyber Liability	400,000	10,000
Flood	10,000,000	10,000

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage for the past several years.

Unemployment Benefits

The City provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

Component Unit

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission managed its risks by purchasing liability insurance from a commercial carrier for risks related to torts, theft or damage of property, and errors and omissions; health insurance from a commercial insurance carrier; and liability insurance for workmen's compensation. The Commission provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTE 17 - CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each Statement of Net Position date. The \$613,853 reported as landfill closure and post-closure care liability at December 31, 2020, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the old landfill which was closed in 2006 and 7.79% of the new landfill which opened in 2006. The City will recognize the remaining estimated cost of closure and post-closure care of approximately \$5.6 million for the operating landfill as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2020. The closure and post-closure costs have been calculated using a closure period when the largest amount of landfill would be open and require the most costly closure activity. This conservative approach assumes a partial closure date of 2069. The ultimate capacity of the landfill is expected to be reached sometime after 2144. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 17 - CLOSURE AND POST-CLOSURE CARE COST (CONTINUED)

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The City was in compliance with these requirements, and at December 31, 2020, the City had contributed \$1,058,666 to this trust. The City expects that any future inflation costs will be paid from earnings on these investments and future contributions. However, if investment earnings are inadequate or additional closure or post-closure care requirements are determined (due to changes in technology or applicable laws or regulations); these costs may need to be covered by charges to future users of the solid waste system or from future non-ad valorem assessments.

NOTE 18 - POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Description

The City's Post Employment Health Care Plan is a single-employer defined benefit healthcare plan which provides medical benefits to eligible retirees and their spouses. The Plan is authorized by SDCL 6-1-16 and is administered by the City. The Plan does not issue a stand-alone financial report.

Funding Policy

The contributions of plan members and the City are established by City policy. The required contribution is based on projected "pay-as-you-go" financial requirements, with an additional amount to pre-fund benefits as determined annually by the City.

Changes in Liability

For the year ended December 31, 2020, the beginning balance of OPEB liability was \$1,815,037. Total OPEB liability was determined as of the measurement date, which is January 1, 2020. The changes in total OPEB liability for 2020 were as follows:

Total OPEB Liability - December 31, 2019	\$	1,815,037
Changes for the Year:		
Service Cost		85,201
Interest on Total OPEB Liability		70,299
Assumption Changes		106,357
Benefit Payments		<u>(101,459)</u>
Total OPEB Liability - December 31, 2020	\$	<u>1,975,435</u>

For the year ended December 31, 2020, the City recognized OPEB Expense of \$155,876. OPEB expense was determined as follows:

Service Cost	\$	85,201
Interest on Total OPEB Liability		70,299
Liability Gain or Loss		(26,454)
Assumption Changes		<u>26,830</u>
OPEB Expense	\$	<u>155,876</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 19 - POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN (CONTINUED)

For the year ended December 31, 2020, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Gains or Losses	\$ -	\$ 105,813
Changes in Assumption	125,038	-
Contributions Subsequent to the Measurement Date	124,585	-
	\$ 249,623	\$ 105,813

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense (revenue) as follows:

Year Ended December 31		
2021	\$	376
2022		376
2023		376
2024		374
2025		17,723
Thereafter		-
	\$	19,225

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and included the types of benefits provided at the time of each valuation and the historical pattern sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial of assets, consistent with the long-term perspective of the calculations.

The entry age normal level percentage of pay actuarial cost method was used to determine the total OPEB liability.

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following assumptions:

- Since the plan is not funded by an irrevocable trust, the discount rate is set by reviewing 20-year municipal bond yields. The discount rate used is 2.90%.
- The municipal bond rate assumption was set by considering publish rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.
- Mortality rates were based on the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 18 - POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN (CONTINUED)

- Medical trend rates were chosen based on a review of historical healthcare increase rates, projected health care increase rates, and projected healthcare expenditures as a percentage of GDP. Medical trend rate was 6.25% as of January 1, 2020 grading to 5.00% over 5 years.
- The future retiree participation rate was assumed to be 100% for pre-65 where the subsidy is available and 35% for pre-65 where the subsidy is not available.
- The salary scale was determined based on the long-term inflation assumption plus any additional wage increase assumption in excess of inflation. The long-term inflation assumption has been chosen based on a review of historical changes in the Consumer Price Index. Annual salary increases and inflation rates used were:

Service	General Inflation	Salary Increases
All	2.5%	3.0%

Sensitivity Analysis

The following represents the City's total OPEB liability, calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease 1.9%	Current Discount Rate 2.9%	1% Increase 3.9%
Total OPEB Liability	\$ 2,177,478	\$ 1,975,435	\$ 1,844,076

The following represents the City's total OPEB liability, calculated using current medical trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates are one percentage point lower or one percentage point higher than the current trend rates:

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Total OPEB Liability	\$ 1,812,080	\$ 1,975,435	\$ 2,165,121

NOTE 19 - SIGNIFICANT COMMITMENTS

The City has long-term contracts for the purchase of electrical energy with the Western Area Power Administration and the Missouri Basin Municipal Power Agency. These contracts expire on December 31, 2021 and January 1, 2030, respectively. According to the terms of the contracts, the City is obligated to purchase all of its electrical energy from these two sources. No minimum purchase requirements have been established in the contracts.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 20 - EXPOSITION BUILDING

The City participates in a joint venture, known as Exposition Building, which is a joint operation between the City of Pierre, Fort Pierre, and Stanley and Hughes Counties for the construction and operation of a multiple-use exposition building located at the Stanley County Fairgrounds in Fort Pierre, South Dakota. The primary use of the facility during the winter months will be for hockey and multiple uses during other times of the year. Construction was completed in 1999. Interest in the facility is as follows:

City of Pierre	35%
City of Fort Pierre	15%
Stanley County	15%
Hughes County	35%

The City's interest in the facility as of December 31, 2020 is reported as a capital asset. Hughes County is acting in the capacity of fiscal agent. Financial information for the joint operation is available from the Hughes County Finance Office.

The joint operations governing board is composed of four representatives, one from each participating entity. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget. Each member contributes to the annual operating budget of the Exposition Building. At December 31, 2020, this joint operation had total cash of \$110,367, of which the City's deposits were 35%, or \$33,255.

NOTE 21 - PLEDGED REVENUES

The City has pledged future electric customers' revenues, net of specified operating expenses, to repay \$17,247,093 in electric fund revenue bonds issued in 2017 and 2019. Proceeds from the bonds provided financing for the construction of electrical infrastructure. The bonds are payable solely from electric customer net revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require less than 8% of net revenues. The total principal and interest remaining to be paid on the bonds is \$22,504,058. Principal and interest paid for the current year and total customer net revenue were \$1,244,581 and \$16,051,016, respectively.

The City has pledged future sewer customers' revenues, net of specified operating expenses, to repay \$3,348,787 in waste water fund revenue bonds issued in 2010 and 2017. The bonds were used to refinance bonds issued in 1996 and 2009. Proceeds from the refinanced bonds provided financing for the construction of sewer infrastructure and for repairs to the waste water system, not all funds have been drawn down. The bonds are payable solely from waste water customer net revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require less than 7% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,274,168. Principal and interest paid for the current year and total customer net revenue were \$241,901 and \$3,647,147, respectively.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 22 - SIGNIFICANT CONTINGENCIES - LITIGATION

The City has been named as a defendant in three legal cases. The City's legal counsel believes the City is only exposed to slight liability in one case and believes the plaintiffs have no support of the law in the other two cases. The City disputes liability and intends to vigorously defend its positions. The South Dakota Public Assurance Alliance (see Note 16) has retained outside counsel in both cases to defend the City. The City anticipates that the claims will be covered to the extent provided by the risk pool. Adjustments, if any, that might result from the resolution of these matters have not been reflected in the financial statements.

NOTE 23 - TAX ABATEMENTS RELATED TO TAX INCREMENT FINANCING (TIF) DISTRICTS

The City has three active TIF districts in which the City has entered into an agreement with the developer (sponsor) of the TIF district. Under each agreement, property tax increments received by the City are paid to the project sponsor as a grant to cover eligible project expenses approved by resolution by the City Commission, as allowed by South Dakota Codified Law Section 11-9. The project sponsor bears the risk that increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses and the City bears no responsibility to make up any shortfall. When all approved project costs are paid or the TIF is dissolved in accordance with state statutes, all property tax revenue will be distributed to the appropriate taxing entities. Increments totaling \$300,059 were received by the City and paid to project sponsors during 2020. Subsequent to year-end, the City approved the dissolution of TIF #5 due to the debt being repaid.

NOTE 24 - ADOPTION OF NEW STANDARD AND RESTATEMENT

As of January 1, 2020, the City adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). Certain agency funds previously accounted for activities that are not considered fiduciary in nature and are now reported in the General Fund, Pistol Fund (a nonmajor special revenue fund), and the internal service fund.

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>	<u>Custodial Fund</u>
NET POSITION - BEGINNING	\$ 66,913,611	\$ 1,218,206	\$ -
Restatement - Adoption of GASB 84	<u>27,814</u>	<u>13,593</u>	<u>5,357</u>
NET POSITION - BEGINNING, RESTATED	<u>\$ 66,941,425</u>	<u>\$ 1,231,799</u>	<u>\$ 5,357</u>
	<u>General Fund</u>	<u>Other Governmental Funds</u>	
FUND BALANCE - BEGINNING	\$ 5,553,493	\$ 1,423,814	
Restatement - Adoption of GASB 84	<u>1,888</u>	<u>12,333</u>	
FUND BALANCE - BEGINNING, RESTATED	<u>\$ 5,555,381</u>	<u>\$ 1,436,147</u>	

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2020

NOTE 25 - EMERGING ACCOUNTING STANDARDS

The Government Accounting Standards Board issued GASB Statement No. 87, *Leases*. GASB 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement will be implemented by the City in the year ended December 31, 2022.

The Government Accounting Standards Board issued GASB Statement No. 89, *Accounting for the Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the prior in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest costs incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement will be implemented by the City in the year ended December 31, 2021.

The Government Accounting Standards Board issued GASB Statement No. 91, *Conduit Debt Obligations*. This statement clarifies the existing definition of conduit debt obligations and established that they are not a liability of the issuer as well as establishes standards for accounting and financial reporting for additional commitments and voluntary commitments extended by issuers, and improves required note disclosures. This statement will be implemented by the City in the year ended December 31, 2022.

The Government Accounting Standards Board issued GASB Statement No. 95, *Subscription-Based Information Technology Arrangement*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Under this statement, a government generally should recognize a right-to-use subscription asset - an intangible asset and a corresponding liability. This statement will be implemented by the City in the year ended December 31, 2023.

Management has not yet determined the effect these accounting standards will have on the City's financial statements.

NOTE 26 - SUBSEQUENT EVENTS

Subsequent to year-end, the City accepted bids for several major construction projects as follows:

Outdoor Pool Dirt Work	\$1,526,000
Airport Road Reconstruction	2,208,485
Waste Water Redesign	15,300,000

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Pierre, South Dakota
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual (Cash Basis)	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General Property Taxes	\$ 3,303,745	\$ 3,303,745	\$ 3,258,064	\$ (45,681)
General Sales and Use Taxes	3,880,000	3,880,000	4,108,220	228,220
Penalties and Interest on Delinquent Taxes	4,000	4,000	183	(3,817)
Licenses and Permits	350,200	350,200	383,109	32,909
Intergovernmental Revenue:				
Federal Grants	239,259	339,041	1,603,517	1,264,476
State Grants	426,000	426,000	593,782	167,782
State Shared Revenue:				
Bank Franchise	110,000	110,000	160,853	50,853
Liquor Tax Reversion	90,000	90,000	94,454	4,454
Motor Vehicle Licenses (5%)	105,000	105,000	111,402	6,402
Local Government Highway and Bridge Fund	320,000	320,000	328,121	8,121
County Shared Receipts:				
County Road Tax (25%)	6,000	6,000	6,004	4
Other	12,000	12,000	4,788	(7,212)
Charges for Goods and Services:				
General Government	2,004,332	2,004,332	2,009,755	5,423
Public Safety	22,437	22,437	41,346	18,909
Health	9,900	9,900	14,153	4,253
Culture and Recreation	672,100	672,100	598,333	(73,767)
Cemetery	41,000	41,000	41,350	350
Fines and Forfeits:				
Court Fines and Costs	5,000	5,000	2,702	(2,298)
Parking Meter Fines	4,700	4,700	3,205	(1,495)
Miscellaneous Revenue:				
Rentals	32,385	32,385	121,852	89,467
Contributions From Private Sources	5,200	5,200	142,875	137,675
Other	128,000	128,000	350,544	222,544
TOTAL REVENUES	<u>11,771,258</u>	<u>11,871,040</u>	<u>13,978,612</u>	<u>2,107,572</u>

See independent auditor's report and accompanying notes to the required supplementary information.

	Budgeted Amounts		Actual (Cash Basis)	Variance Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government:				
Legislative	115,237	115,237	114,262	975
Contingency Amount	250,000	250,000	-	250,000
Elections	100	100	17	83
Financial Administration	2,527,266	2,527,266	2,561,647	(34,381)
Other	1,786,464	1,786,464	1,767,926	18,538
Public Safety:				
Police	2,833,172	2,833,172	2,682,282	150,890
Fire	477,617	477,617	425,988	51,629
Public Works:				
Highways and Streets	1,915,763	1,915,763	1,910,468	5,295
Cemeteries	237,143	237,143	206,218	30,925
Transit	150,000	150,000	150,000	-
Health and Welfare:				
Health	51,153	51,153	51,153	-
Other	55,482	55,482	55,144	338
Culture and Recreation:				
Recreation	336,966	13,454,501	506,446	12,948,055
Parks	2,603,816	2,603,816	2,596,070	7,746
Libraries	879,328	879,328	758,561	120,767
Conservation and Development:				
Economic Development	953,125	953,125	970,367	(17,242)
TOTAL EXPENDITURES	<u>15,172,632</u>	<u>28,290,167</u>	<u>14,756,549</u>	<u>13,533,618</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,401,374)</u>	<u>(16,419,127)</u>	<u>(777,937)</u>	<u>15,641,190</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,047,365	3,047,365	2,938,543	(108,822)
Sale of City Property	-	-	77,349	77,349
Loan Proceeds	-	12,981,060	10,000,000	(2,981,060)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,047,365</u>	<u>16,028,425</u>	<u>13,015,892</u>	<u>(3,012,533)</u>
NET CHANGE IN FUND BALANCES	(354,009)	(390,702)	12,237,955	12,628,657
FUND BALANCE - BEGINNING	<u>5,553,493</u>	<u>5,553,493</u>	<u>5,553,493</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,199,484</u>	<u>\$ 5,162,791</u>	<u>\$ 17,791,448</u>	<u>\$ 12,628,657</u>

See independent auditor's report and accompanying notes to the required supplementary information.

City of Pierre, South Dakota
Budgetary Comparison Schedule - Special Sales Tax Fund -
Budgetary Basis
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual (Cash Basis)	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General Sales and Use Taxes	\$ 540,000	\$ 540,000	\$ 499,390	\$ (40,610)
Investment Earnings	<u>1,000</u>	<u>1,000</u>	<u>1,599</u>	<u>599</u>
TOTAL REVENUES	<u>541,000</u>	<u>541,000</u>	<u>500,989</u>	<u>(40,011)</u>
EXPENDITURES				
Conservation and Development:				
Economic Development	159,915	159,915	98,779	61,136
Debt Service	<u>381,085</u>	<u>381,085</u>	<u>381,085</u>	<u>-</u>
TOTAL EXPENDITURES	<u>541,000</u>	<u>541,000</u>	<u>479,864</u>	<u>61,136</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>21,125</u>	<u>21,125</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>80,000</u>	<u>80,000</u>	<u>83,398</u>	<u>3,398</u>
NET CHANGE IN FUND BALANCES	80,000	80,000	104,523	24,523
FUND BALANCE - BEGINNING	<u>600,550</u>	<u>600,550</u>	<u>600,550</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 680,550</u>	<u>\$ 680,550</u>	<u>\$ 705,073</u>	<u>\$ 24,523</u>

See independent auditor's report and accompanying notes to the required supplementary information.

City of Pierre, South Dakota
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Years Ended December 31

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 85,201	\$ 71,176	\$ 65,504
Interest on Total OPEB Liability	70,299	62,770	60,959
Assumption Changes	106,357	54,613	-
Differences Between Expected and Actual Experience	-	(158,721)	-
Benefit Payments	<u>(101,459)</u>	<u>(90,754)</u>	<u>(63,963)</u>
Net Change in Total OPEB Liability	160,398	(60,916)	62,500
Net OPEB Obligation - Beginning	<u>1,815,037</u>	<u>1,875,953</u>	<u>1,813,453</u>
Net OPEB Obligation - Ending	<u>\$ 1,975,435</u>	<u>\$ 1,815,037</u>	<u>\$ 1,875,953</u>
City's Covered-employee Payroll	\$ 8,139,731	\$ 7,902,651	\$ 8,060,063
Total OPEB Liability as a Percentage of Covered-employee Payroll	24.27%	22.97%	23.27%

*Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See independent auditor's report and accompanying notes to the required supplementary information.

City of Pierre, South Dakota
Schedule of the City's Proportionate Share
of the Net Pension Liability (Asset)
South Dakota Retirement System

Fiscal Year Ending*	City's Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) (a)	City's Covered- employee Payroll (b)	City's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
12/31/2020	0.415987%	\$ (18,066)	\$ 8,608,423	-0.21%	100.04%
12/31/2019	0.421337%	(44,651)	8,444,228	-0.53%	100.09%
12/31/2018	0.431913%	(10,073)	8,472,104	-0.12%	100.02%
12/31/2017	0.433107%	(39,305)	8,290,255	-0.47%	100.10%
12/31/2016	0.456733%	1,542,797	8,170,878	18.88%	96.89%
12/31/2015	0.454908%	(1,929,396)	7,814,078	-24.69%	104.10%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See independent auditor's report and accompanying notes to the required supplementary information.

**City of Pierre, South Dakota
Schedule of Pension Contributions
South Dakota Retirement System**

Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions in (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Employee Payroll (b/c)
12/31/2020	\$ 559,013	\$ 559,013	\$ -	\$ 8,782,302	6.37%
12/31/2019	547,289	547,289	-	8,600,267	6.36%
12/31/2018	540,673	540,673	-	8,506,337	6.36%
12/31/2017	529,917	529,917	-	8,318,683	6.37%
12/31/2016	528,468	528,468	-	8,295,292	6.37%
12/31/2015	508,955	508,955	-	7,988,543	6.37%

*Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See independent auditor's report and accompanying notes to the required supplementary information.

City of Pierre, South Dakota
Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular Council meeting in September of each year, or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing board, the operating budget is legally binding, and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year-end unless encumbered by resolution to the governing board.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The City is reporting financial position, results of operations, and changes in fund balances in conformity with GAAP while the Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual are presented on the cash basis to provide meaningful comparison of actual results with the budget. The major differences between the cash basis and the GAAP basis are that all capital outlay expenditures are recorded with other functional expenses for budget purposes rather than as a separate line item for GAAP purposes and intergovernmental expenditures are eliminated for GAAP purposes but are included in budgetary basis. Cash basis only reports revenues received and expenses disbursed. Also, certain grants that the State of South Dakota administers on the City's behalf whereby the State pays vendors directly are excluded from these schedules as the City does not budget for those expenses as they do not pay the vendors directly in these instances. Lastly, the City does not budget for the issuance of new long-term debt or the repayment of existing long term-debt as part of a refunding transaction.

NOTE 3 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

Changes in Benefit Terms:

No significant changes.

Changes in Actuarial Assumptions:

Assumption Changes for the fiscal year ending December 31, 2020:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The discount rate was changed from 3.80% to 2.90%.

City of Pierre, South Dakota
Notes to the Required Supplementary Information
For the Year Ended December 31, 2020

NOTE 4 - SCHEDULE OF PENSION CONTRIBUTIONS

Changes from Prior Valuation:

The June 30, 2020 actuarial valuation reflects no changes in actuarial methods from the June 30, 2019 actuarial valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

Benefit Provision Changes:

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Changes in Actuarial Assumptions:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes:

No changes in actuarial methods were made since the prior valuation.

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SUPPLEMENTARY INFORMATION

City of Pierre, South Dakota
Combining Balance Sheet- Nonmajor Governmental Funds
December 31, 2020

	Occupancy Tax Fund	E-911 Fund	Library Trust Fund
ASSETS			
Cash and Cash Equivalents	\$ 607,432	\$ 446,244	\$ 56,130
Accounts Receivable, Net	11,548	32,796	-
Unbilled Accounts Receivable	-	-	-
Due From Other Governments	-	281,209	-
Inventory of Supplies	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
TOTAL ASSETS	\$ 618,980	\$ 760,249	\$ 56,130
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 131,257	\$ 38,331	\$ -
Payroll Liabilities	-	2,874	-
Due To Other Funds	-	-	-
Revenue Collected in Advance	-	-	-
Total Liabilities	131,257	41,205	-
Deferred Inflows of Resources:			
Unavailable Revenues	-	211,904	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	-	507,140	56,130
Committed	487,723	-	-
Total Fund Balances	487,723	507,140	56,130
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 618,980	\$ 760,249	\$ 56,130

<u>Police Pistol Fund</u>	<u>Police Cadets Fund</u>	<u>Public/ Education Government Channel Fund</u>	<u>Perpetual Care Fund</u>	<u>Storm Drainage Fund</u>	<u>TIF Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 13,061	\$ 14,154	\$ 51,376	\$ -	\$ 678,257	\$ -	\$ 1,866,654
-	-	28,328	-	13,520	-	86,192
-	-	-	-	56,506	-	56,506
-	-	-	-	-	-	281,209
-	-	-	-	135,060	-	135,060
-	-	-	54,464	-	-	54,464
<u>\$ 13,061</u>	<u>\$ 14,154</u>	<u>\$ 79,704</u>	<u>\$ 54,464</u>	<u>\$ 883,343</u>	<u>\$ -</u>	<u>\$ 2,480,085</u>
\$ 124	\$ -	\$ 729	\$ -	\$ 9,128	\$ -	\$ 179,569
-	-	-	-	-	-	2,874
-	-	-	-	5,553	-	5,553
-	-	-	-	856	-	856
<u>124</u>	<u>-</u>	<u>729</u>	<u>-</u>	<u>15,537</u>	<u>-</u>	<u>188,852</u>
-	-	-	-	16,422	-	228,326
-	-	-	50,000	135,060	-	185,060
-	-	-	4,464	716,324	-	1,284,058
<u>12,937</u>	<u>14,154</u>	<u>78,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,789</u>
<u>12,937</u>	<u>14,154</u>	<u>78,975</u>	<u>54,464</u>	<u>851,384</u>	<u>-</u>	<u>2,062,907</u>
<u>\$ 13,061</u>	<u>\$ 14,154</u>	<u>\$ 79,704</u>	<u>\$ 54,464</u>	<u>\$ 883,343</u>	<u>\$ -</u>	<u>\$ 2,480,085</u>

City of Pierre, South Dakota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	Occupancy Tax Fund	E-911 Fund	Library Trust Fund
REVENUES			
Taxes:			
General Property Taxes	\$ -	\$ -	\$ -
General Sales and Use Taxes	189,009	-	-
Intergovernmental Revenue:			
State Grants	3,750	253,652	-
Federal Grants	250,000	730,324	-
State Shared Revenues:			
911 Remittances	-	217,980	-
Charges for Goods and Services:			
General Government	-	-	-
Public Safety	-	215,819	-
Highways and Streets	-	-	-
Culture and Recreation	-	-	1,364
Fines and Forfeits:			
Library	-	-	309
Miscellaneous Revenues:			
Investment Earnings	1,930	1,095	183
Contributions From Private			
Sources	-	-	2,071
Other	-	11,717	1
TOTAL REVENUES	444,689	1,430,587	3,928

<u>Police Pistol Fund</u>	<u>Police Cadets Fund</u>	<u>Public/ Education Government Channel Fund</u>	<u>Perpetual Care Fund</u>	<u>Storm Drainage Fund</u>	<u>TIF Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,059	\$ 300,059
-	-	-	-	-	-	189,009
-	-	-	-	-	-	257,402
-	-	-	-	-	-	980,324
-	-	-	-	-	-	217,980
-	-	167,886	-	-	-	167,886
18,500	-	-	-	-	-	234,319
-	-	-	-	485,892	-	485,892
-	-	-	-	-	-	1,364
-	-	-	-	-	-	309
38	-	272	-	1,996	-	5,514
-	1,821	-	-	-	-	3,892
-	-	-	-	432	-	12,150
<u>18,538</u>	<u>1,821</u>	<u>168,158</u>	<u>-</u>	<u>488,320</u>	<u>300,059</u>	<u>2,856,100</u>

City of Pierre, South Dakota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds (Continued)
For the Year Ended December 31, 2020

EXPENDITURES	<u>Occupancy Tax Fund</u>	<u>E-911 Fund</u>	<u>Library Trust Fund</u>
General Government:			
Other	\$ -	\$ -	\$ -
Public Safety:			
Police	-	1,081,048	-
Public Works:			
Highways and Streets	-	-	-
Culture and Recreation:			
Libraries	-	-	9,082
Conservation and Development:			
Economic Development	297,192	-	-
Debt Service	-	-	-
Intergovernmental			
Capital Outlay	-	140,655	-
TOTAL EXPENDITURES	<u>297,192</u>	<u>1,221,703</u>	<u>9,082</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>147,497</u>	<u>208,884</u>	<u>(5,154)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(34,991)</u>	<u>101,329</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>112,506</u>	<u>310,213</u>	<u>(5,154)</u>
FUND BALANCE - BEGINNING	375,217	196,927	61,284
Restatement - Adoption of GASB 84	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - BEGINNING, RESTATED	<u>375,217</u>	<u>196,927</u>	<u>61,284</u>
FUND BALANCE - ENDING	<u>\$ 487,723</u>	<u>\$ 507,140</u>	<u>\$ 56,130</u>

<u>Police Pistol Fund</u>	<u>Police Cadets Fund</u>	<u>Public/ Education Government Channel Fund</u>	<u>Perpetual Care Fund</u>	<u>Storm Drainage Fund</u>	<u>TIF Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 134,024	\$ -	\$ -	\$ -	\$ 134,024
3,133	-	-	-	-	-	1,084,181
-	-	-	-	196,090	-	196,090
-	-	-	-	-	-	9,082
-	-	-	-	-	-	297,192
-	-	-	-	-	216,661	216,661
-	-	-	-	92,289	-	232,944
<u>3,133</u>	<u>-</u>	<u>134,024</u>	<u>-</u>	<u>288,379</u>	<u>216,661</u>	<u>2,170,174</u>
<u>15,405</u>	<u>1,821</u>	<u>34,134</u>	<u>-</u>	<u>199,941</u>	<u>83,398</u>	<u>685,926</u>
<u>-</u>	<u>-</u>	<u>(42,106)</u>	<u>-</u>	<u>-</u>	<u>(83,398)</u>	<u>(59,166)</u>
<u>15,405</u>	<u>1,821</u>	<u>(7,972)</u>	<u>-</u>	<u>199,941</u>	<u>-</u>	<u>626,760</u>
<u>(2,468)</u>	<u>-</u>	<u>86,947</u>	<u>54,464</u>	<u>651,443</u>	<u>-</u>	<u>1,423,814</u>
<u>-</u>	<u>12,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,333</u>
<u>(2,468)</u>	<u>12,333</u>	<u>86,947</u>	<u>54,464</u>	<u>651,443</u>	<u>-</u>	<u>1,436,147</u>
<u>\$ 12,937</u>	<u>\$ 14,154</u>	<u>\$ 78,975</u>	<u>\$ 54,464</u>	<u>\$ 851,384</u>	<u>\$ -</u>	<u>\$ 2,062,907</u>

City of Pierre, South Dakota
Combining Statement of Net Position - Nonmajor Enterprise Funds
December 31, 2020

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Garbage Fund	Landfill Fund	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 21,483	\$ -	\$ 21,483
Accounts Receivable, Net	-	114,752	114,752
Unbilled Accounts Receivable	-	17,136	17,136
Due From Other Governments	430	3,692	4,122
Inventory of Supplies	4,875	85,652	90,527
Total Current Assets	<u>26,788</u>	<u>221,232</u>	<u>248,020</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	1,214,144	1,214,144
Net Pension Assets	95	937	1,032
Capital Assets:			
Land	-	4,041,171	4,041,171
Buildings and Infrastructure	-	3,320,468	3,320,468
Machinery and Equipment	123,940	3,100,120	3,224,060
Less: Accumulated Depreciation	<u>(123,940)</u>	<u>(3,273,925)</u>	<u>(3,397,865)</u>
Total Noncurrent Assets	<u>95</u>	<u>8,402,915</u>	<u>8,403,010</u>
TOTAL ASSETS	<u>26,883</u>	<u>8,624,147</u>	<u>8,651,030</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	25,799	129,411	155,210
OPEB-related Deferred Outflows	<u>1,486</u>	<u>14,194</u>	<u>15,680</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>27,285</u>	<u>143,605</u>	<u>170,890</u>

	Enterprise Funds		
	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	792	26,982	27,774
Accrued Wages Payable	260	2,439	2,699
Current Portion of Leave	1,963	9,753	11,716
Due to Other Funds	-	131,934	131,934
Revenue Collected in Advance	-	283	283
Total Current Liabilities	<u>3,015</u>	<u>171,391</u>	<u>174,406</u>
Noncurrent Liabilities:			
Accrued Leave Payable	24,204	120,283	144,487
Accrued Landfill Closure and Post-closure Costs	-	613,853	613,853
Net OPEB Liability	<u>12,827</u>	<u>115,934</u>	<u>128,761</u>
Total Noncurrent Liabilities	<u>37,031</u>	<u>850,070</u>	<u>887,101</u>
TOTAL LIABILITIES	<u>40,046</u>	<u>1,021,461</u>	<u>1,061,507</u>
DEFERRED INFLOWS OF RESOURCES			
Pension-related Deferred Inflows	13,553	130,893	144,446
OPEB-related Deferred Inflows	<u>565</u>	<u>5,799</u>	<u>6,364</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>14,118</u>	<u>136,692</u>	<u>150,810</u>
NET POSITION			
Net Investment in Capital Assets	-	7,187,834	7,187,834
Restricted for:			
SDRS Pension Purposes	12,341	(545)	11,796
Unrestricted	<u>(12,337)</u>	<u>422,310</u>	<u>409,973</u>
TOTAL NET POSITION	<u>\$ 4</u>	<u>\$ 7,609,599</u>	<u>\$ 7,609,603</u>

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City of Pierre, South Dakota
Combining Statement of Revenues, Expenses, and
Changes in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2020

	Enterprise Funds		
	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Charges for Goods and Services	\$ 87,446	\$ 1,520,279	\$ 1,607,725
Miscellaneous	73	2,900	2,973
Total Operating Revenue	<u>87,519</u>	<u>1,523,179</u>	<u>1,610,698</u>
OPERATING EXPENSES			
Personal Services	90,408	816,115	906,523
Other Current Expenses	44,540	531,861	576,401
Materials (Cost of Goods Sold)	4,025	154,893	158,918
Depreciation	-	305,373	305,373
Total Operating Expenses	<u>138,973</u>	<u>1,808,242</u>	<u>1,947,215</u>
OPERATING LOSS	<u>(51,454)</u>	<u>(285,063)</u>	<u>(336,517)</u>
NON OPERATING REVENUE (EXPENSE)			
Capital Grants	430	7,358	7,788
Investment Earnings	-	10,525	10,525
Rental Revenue	-	100	100
Insurance Proceeds	-	2,823	2,823
Gain on Disposition of Assets	-	167,578	167,578
Total Nonoperating Revenue (Expense)	<u>430</u>	<u>188,384</u>	<u>188,814</u>
NET POSITION BEFORE TRANSFERS	(51,024)	(96,679)	(147,703)
Transfers In	<u>50,055</u>	<u>184,340</u>	<u>234,395</u>
CHANGE IN NET POSITION	(969)	87,661	86,692
NET POSITION - BEGINNING	<u>973</u>	<u>7,521,938</u>	<u>7,522,911</u>
NET POSITION - ENDING	<u>\$ 4</u>	<u>\$ 7,609,599</u>	<u>\$ 7,609,603</u>

City of Pierre, South Dakota
Combining Statement of Cash Flows - Nonmajor Enterprise Funds
For the Year Ended December 31, 2020

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Garbage Fund	Landfill Fund	
CASH FLOWS FROM (USED) BY OPERATING ACTIVITIES			
Receipts from Customers	\$ 87,089	\$ 1,513,663	\$ 1,600,752
Payments to Suppliers	(44,520)	(871,281)	(915,801)
Payments to Employees	(78,134)	(745,672)	(823,806)
Net Cash Used by Operating Activities	<u>(35,565)</u>	<u>(103,290)</u>	<u>(138,855)</u>
CASH FLOWS FROM (USED) BY NONCAPITAL FINANCING ACTIVITIES			
Due to (from) Other Funds	-	(55,364)	(55,364)
Transfers from (to) Other Funds	50,055	184,340	234,395
Net Cash from Noncapital Operating Activities	<u>50,055</u>	<u>128,976</u>	<u>179,031</u>
CASH FLOWS FROM (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Grants	430	7,358	7,788
Other Receipts	-	100	100
Proceeds from Sale of Capital Assets	-	262,753	262,753
Purchase of Capital Assets	-	(267,245)	(267,245)
Insurance Proceeds	-	2,823	2,823
Net Cash from Capital and Related Financing Activities	<u>430</u>	<u>5,789</u>	<u>6,219</u>
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES			
Cash Invested in Reserve Account	-	(42,000)	(42,000)
Cash Received for Interest	-	10,525	10,525
Net Used by Investing Activities	<u>-</u>	<u>(31,475)</u>	<u>(31,475)</u>

	Enterprise Funds		
	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,920	-	14,920
BALANCE - BEGINNING	6,563	-	6,563
BALANCE - ENDING	<u>\$ 21,483</u>	<u>\$ -</u>	<u>\$ 21,483</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (51,454)	\$ (285,063)	\$ (336,517)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	-	305,373	305,373
Change in Assets and Liabilities:			
Accounts Receivables/Unbilled Receivables	(430)	(9,532)	(9,962)
Inventories	4,025	3,487	7,512
Pension-related Deferred Outflows	(3,490)	(33,868)	(37,358)
OPEB-related Deferred Outflows	(667)	(6,025)	(6,692)
Accounts and Other Payables	20	(37,964)	(37,944)
Accrued Landfill Closure and Post-closure Costs	-	(150,050)	(150,050)
Accrued Wages Payable	28	155	183
Revenue Collected in Advance	-	16	16
Accrued Leave Payable	5,267	13,297	18,564
Pension Related Deferred Inflows	8,439	81,884	90,323
OPEB-related Deferred Inflows	(172)	(1,553)	(1,725)
OPEB Liability	2,714	15,052	17,766
Pension-related Asset/Liability	155	1,501	1,656
NET CASH FROM (USED BY) OPERATING ACTIVITIES	<u>\$ (35,565)</u>	<u>\$ (103,290)</u>	<u>\$ (138,855)</u>

City of Pierre, South Dakota
Statement of Cash Flows - Discretely Presented Component Unit
For the Year Ended June 30, 2020

	<u>Housing and Redevelopment Commission</u>
OPERATING ACTIVITIES	
Receipts from Tenant Payments	\$ 185,350
Receipts from Tenants Through Escrow	750
Payments to Employees	(203,120)
Payments to Others for Goods and Services	(239,042)
Housing Assistance Payments	<u>(772,378)</u>
Net Cash Used for Operating Activities	<u>(1,028,440)</u>
NONCAPITAL FINANCING ACTIVITIES	
Operating Grants Received	987,576
Other Revenue Received	<u>37,769</u>
Net Cash from Noncapital Financing Activities	<u>1,025,345</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants Received	39,209
Acquisition of Capital Assets	<u>(39,209)</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>
INVESTING ACTIVITIES	
Interest Income	<u>13,872</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,777
BALANCE - BEGINNING	<u>527,011</u>
BALANCE - ENDING	<u><u>\$ 537,788</u></u>

See independent auditor's report.

	<u>Housing and Redevelopment Commission</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating Loss	\$ (1,092,550)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	49,699
Accounts Receivable - Tenants	(1,408)
Accounts Receivable - Fraud Recovery	(1,658)
Prepaid Expenses	(3,007)
Inventories	202
Pension-related Assets	19,570
Accounts Payable - Vendors	1,518
Accounts Payable - Other Government	386
Accrued Expenses	(1,238)
Accrued Compensated Absences	(2,495)
Unearned Revenue	1,652
Other Current Liabilities	138
Tenant Security Deposits	<u>750</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (1,028,440)</u>

See independent auditor's report.

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City of Pierre, South Dakota
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended December 31, 2020

	<u>Net Collected</u>
First Quarter 2020	\$ 18,663
Second Quarter 2020	9,941
Third Quarter 2020	4,231
Fourth Quarter 2020	<u>12,263</u>
Total PFC Collections for 2020	45,098
Total PFC Collections for 2019	58,458
Total PFC Collections for 2018	34,691
Total PFC Collections for 2017	49,722
Total PFC Collections for 2016	23,858
Total PFC Collections for 2015	28,799
Total PFC Collections for 2014	38,605
Total PFC Collections for 2013	59,251
Total PFC Collections for 2012	50,094
Total PFC Collections for 2011	64,728
Total PFC Collections for 2010	59,124
Total PFC Collections for 2009	43,809
Total PFC Collections for 2008	53,314
Total PFC Collections for 2007	46,383
Total PFC Collections for 2006	57,317
Total PFC Collections for 2005	67,975
Total PFC Collections for 2004	72,726
Total PFC Collections for 2003	<u>51,697</u>
Total PFC Collections for 2003 - 2020	<u>\$ 905,649</u>
Total Allowable PFC	\$ 2,070,789
Net Collections to Date	<u>(905,649)</u>
Remaining Amount to Collect	<u>\$ 1,165,140</u>

See independent auditor's report.

City of Pierre, South Dakota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

CFDA Numbers	Cluster/Program Name	Pass-through Entity	Pass-through Entity Identifying Number	Amount
<u>Department of Homeland Security</u>				
97 . 039	Hazard Mitigation Grant	SD Dept. of Public Safety	N/A	\$ 33,180
<u>Department of Transportation</u>				
20 . 106	Airport Improvement Program (3-46-0044-41,42,43,44) (NOTE 5)	N/A	N/A	4,534,818
<i>Highway Planning and Construction Cluster:</i>				
20 . 219	Recreational Trails Program	SD Dept. of Game Fish & Parks	N/A	214,114
	Total Highway Planning and Construction Cluster			<u>214,114</u>
<i>Highway Safety Cluster:</i>				
20 . 600	State and Community Highway Safety	SD Dept. of Public Safety	2020-00-14	1,092
	Total Highway Safety Cluster			<u>1,092</u>
	Total Department of Transportation			<u>4,750,024</u>
<u>US Treasury</u>				
COVID-19 21 . 019	Coronavirus Relief Fund CARES - Pandemic Response (NOTE 5)	SD Bureau of Finance and Management	CRF12054968	3,002,404
COVID-19 21 . 019	Coronavirus Relief Fund (NOTE 5)	SD Dept. of Tourism	21-DMO-016	250,000
	Total U.S. Treasury			<u>3,252,404</u>
<u>Department of Housing and Urban Development</u>				
14 . 228	Community Development Block Grants	SD Governor's Office	CDBG 1718-102	260,000
<u>Department of the Interior</u>				
15 . 904	Historic Preservation Fund Grants-in-aid	SD Dept. of Education	2019G-480	14,259
<u>General Services Administration</u>				
39 . 003	Donation of Federal Surplus Personal Property (NOTE 4)	SD Federal Property Agency	N/A	1,564
	Total Expenditures of Federal Awards			<u>\$ 8,311,431</u>

See independent auditor's report.

NOTE 1: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Pierre and is on the accrual basis of accounting. The information in this schedule is presented in accordance with the Uniform Guidance. The City of Pierre received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient, if any, is treated as an expenditure when it is paid to the subrecipient. During the year ended December 31, 2020, there were no amounts passed through to subrecipients.

NOTE 2: The City of Pierre has not elected to use the 10% de minimis cost rate.

NOTE 3: Both governmental fund types and proprietary fund types account for the City of Pierre's federal grant activity. For governmental fund types, expenditures in the Schedule of Expenditures of Federal Awards are recognized on the modified accrual basis - when they become a demand on current available financial resources. For proprietary fund types, expenditures in the Schedule of Expenditures of Federal Awards are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E - Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Pierre's summary of significant accounting policies is presented in Note 1 in the City of Pierre's basic financial statements.

NOTE 4: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the City of Pierre.

NOTE 5: Tested as major program.

See independent auditor's report.